Economic Trends

ARTICLES

United Kingdom balance of payments: preliminary figures for the fourth quarter 1990

The Budget: 19 March 1991

The economy: recent developments and prospects to mid-1992

The effects of taxes and benefits on household income 1988.

No. 449

March 1991

Release dates of economic statistics to be published in April 1991

This is issued by the Central Statistical Office on behalf of the Government Statistical Service and other organisations as a guide to the publication dates of major economic series in April 1991. The dates are targets which are correct at the time of going to press. Exceptionally, there may be some delays due to unavoidable statistical problems. Enquiries about release of individual series should be made to the source named.

Publication date	Series	Method of release	Source
April			
Tue 2	CBI Monthly Trends Enquiry	PN	CBI
	London sterling certificates of deposit (February)	PN	Bank of England
	Monetary statistics (including bank and building society balance sheets) (February)	PN	Bank of England
	Bill turnover statistics (February)	PN	Bank of England
	Sterling commercial paper (February)	PN	Bank of England
	London and Scottish banks quarterly analysis of lending (December-February)	PN	CLSB
Wed 3	UK official reserves (March)	PN	HMT
	Details of employment, unemployment, earnings, prices and other indicators	EG	DE
Mon 8	Housing starts and completions (February)	PN	DOE
	Credit business (February)	PN	CSO
	Retails sales (February-final)	PN	CSO
Wed 10	Advance energy statistics (February)	PN	Dept. of Energy
Thurs 11	Quarterly analysis of bank advances (December-February)	PN	Bank of England
Fri 12	Usable steel production (March)	PN	British Steel plc/BISPA
	Retail prices index and tax and price index (March)	PN	CSO
	Capital issues and redemptions (March)	PN	Bank of England
Sun 14	National Savings results (March)	PN	Dept. for National Savings
Tues 16	Producer price index numbers (March-provisional)	PN	CSO
Wed 17	Public sector borrowing requirement (March)	PN	HMT/CSO
Thurs 18	Index of output of the production industries (February)	PN	CSO
	Labour market statistics: unemployment and unfilled vacancies (March-provisional); average earnings indices (February-provisional); employment, hours, productivity and unit wage costs; industrial disputes	PN	DE
	Provisional figures of vehicle production (March)	PN	SMMT
	Institutional investment (4th quarter)	PN	Bank of England
Fri 19	London and Scottish banks monthly statement (March)	PN	CLSB
	Provisional estimates of monetary aggregates (March)	PN	Bank of England
Mon 22	CBI/FT survey of distributive trades (March)	PN	CBI
	Retail sales (March-provisional)	PN	CSO
Tues 23	Finished steel consumption and stock changes (4th quarter)‡	CSOB*	CSO
	Balance of payments current account and overseas trade figures (March)	PN	CSO
Wed 24	Index of production and construction for Wales (4th quarter)	PN	Welsh Office
	Construction — new orders (February-provisional)	PN	DOE
Thurs 25	Building societies monthly figures (April)	PN	BSA
	Energy Trends (February)	PN	Dept. of Energy
Fri 26	Engineering sales and orders at current and constant prices (February)	CSOB	CSO
	Quarterly house purchase finance statistics (1st quarter)	PN	CLSB
Tues 30	London sterling certificates of deposit (March)	PN	Bank of England
	Monetary statistics (including bank and building society balance sheets) (March)	PN	Bank of England
	Bill turnover statistics (March)	PN	Bank of England
	Sterling commercial paper	PN	Bank of England
	CBI Industrial Trends Survey (March)	PN	CBI
	New vehicle registrations (March)	PN	DTp

PN = Press Notice
EG = Employment Gazette
*CSOB = CSO Bulletin: as from the beginning of April this title replaces that of Business Bulletin.
‡ These are final figures. The publication of a Bulletin containing provisional figures has been discontinued.

Economic Trends

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A service of statistical information and advice is provided to Government by specialist staffs employed in the statistics division of individual Departments. Statistics are made generally available through their publications and further information and advice on them can be obtained from the Department concerned.

The sources of the series published in this volume and further information about them are shown in the index. Current telephone numbers of these sources as well as general information about *Economic Trends* can be obtained from the Central Statistical Office, Great George Street, London SW1P 3AQ. Telephone: 071-270 6363/6364.

Enquiries about orders and subscriptions for *Economic Trends* publications should be made to:

HMSO, PO Box 276, London SW8 5DT
(Telephone: 071-873 8499 for subscriptions; 071-873 9090 for orders).

Economic Trends brings together all the main economic indicators. The largest section gives time series and graphs over the last five years or so. It is preceded by several pages of the latest information and followed by an analysis of indicators in relation to the business cycle over the last 20 years. Other articles comment on and analyse economic statistics.

Economic Trends is the primary publication for the quarterly national accounts and balance of payments articles.

Other CSO monthlies are the *Monthly Digest of Statistics* and *Financial Statistics.*

Economic Trends Annual Supplement is a unique source for long runs of quarterly and annual data for the key series of economic indicators. About half span 25 years or more.

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Introduction

Economic Trends brings together all the main economic indicators. It contains three regular sections of tables and charts illustrating trends in the UK economy.

'Latest developments' presents the most up-to-date statistical information available during the month. It is important to note that data included in this section may not be wholly consistent with other sections which have gone to press earlier. All data in this section are seasonally adjusted unless otherwise stated. In most cases estimates are provisional and subject to revision.

The main section is based on information available to the CSO on the date printed at the foot of this page and shows the movements of the key economic indicators. The indicators appear in tabular form on left hand pages with corresponding charts on facing right hand pages. Colour has been used to aid interpretation in some of the charts, for example by creating a background grid on those charts drawn to a logarithmic scale. Index numbers in some tables and charts are given on a common base year for convenience of comparison.

The section on cyclical indicators shows the movements of four composite indices over 20 years against a reference chronology of business cycles. The indices group together indicators which lead, coincide with and lag behind the business cycle, and a short note describes their most recent movements. The February, May, August and November issues carry further graphs showing separately the movements in all of the 27 indicators which make up the composite indices.

In addition, quarterly articles on the national accounts appear in the January, April, July and October issues, and on the balance of payments in the March, June, September and December issues. Occasional articles comment on and analyse economic statistics and introduce new series, new analyses and new methodology.

Economic Trends is prepared monthly by the Central Statistical Office in collaboration with the statistics divisions of Government Departments and the Bank of England.

Notes on the tables

1. The statistics relate mainly to the United Kingdom; where figures are for Great Britain only, this is shown on the table.
2. Similarly, almost all quarterly data are seasonally adjusted; those not seasonally adjusted are indicated by NSA.
3. Some data, particularly for the latest time period, are provisional and may be subject to revision in later issues.
4. Rounding may lead to inconsistencies between the sum of constituent parts and the total in some tables.
5. A line drawn across a column between two consecutive figures indicates that the figures above and below the line have been compiled on different bases and are not strictly comparable. In each case a footnote explains the difference.
6. 'Billion' denotes one thousand million.
7. There may sometimes be an inconsistency between a table and the corresponding chart, because the data may be received too late to update the chart. In such cases it should be assumed that the table is correct.
8. There is no single correct definition of *money* and there are many liquid assets which are not included in any of the UK monetary aggregates but which nevertheless need to be taken into account on occasions when interpreting monetary conditions. Consequently, many definitions of money stock are widely used:

M0 the narrowest measure consists of notes and coin in circulation outside the Bank of England and bankers' operational deposits at the Bank.

M2 comprises notes and coin in circulation with the public *plus* sterling retail deposits held by the UK private sector with UK banks, with building societies and in the National Savings Bank ordinary account.

M4 comprises notes and coin in circulation with the public, together with all sterling deposits (including *certificates of deposit)* held with UK banks and building societies by the rest of the private sector.

M5 is equal to ***M4 plus*** private sector holdings of certain money-market instruments, CTDs, and some national savings instruments.

9. Symbols used:
   . . not available
   — nil or less than half the final digit shown
   + alongside a heading indicates a series for which measures of variability are given in the table on page 75
   † indicates that the data is either new or has been revised since last edition; the period marked is the earliest in the table to have been revised
   * average (or total) of five weeks.

The Editor would welcome readers' suggestions for improvements to Economic Trends.

CSO Databank

Virtually all the series in *Economic Trends* and the Quarterly Articles may be obtained as part of the CSO Databank Service on tape or disk. The appropriate four digit identifier is included at the top of the column or start of a row of figures. This enables users to obtain (in computer-readable form) a much more comprehensive and up-to-date set of long run macro-economic time series data than can be included in this publication. The tape format, unlabelled EBCDIC, is the same for all datasets. The disks, either 3½″ or 5¼″ are written in ASCII text which can be loaded as spreadsheets and viewed using standard spreadsheet packages, such as LOTUS or SMART.

Details of the service offered and the schedule of charges may be obtained from the Databank Manager, CSO Branch E1, Room 52/4, Great George Street, London SW1P 3AQ (telephone 071-270 6386). CSO does not offer direct on-line access for these data but a list of host bureaux offering such a facility is available on request from CSO.

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Latest developments in the economy

Data available at 5 April 1991

DATA PUBLISHED BY CSO

Gross domestic product

Latest estimates of the UK economy show that GDP fell by 1 per cent between the third and fourth quarters of 1990, to a level 1½ per cent lower than the fourth quarter of 1989. Between 1989 and 1990 GDP rose by ½ per cent. These estimates are based on GDP at constant 1985 factor cost.

Estimates also show that between 1989 and 1990 GDP at current factor cost increased 8½ per cent, the implied factor cost GDP deflator increased 7½ per cent, and the UK's real income as measured by gross national disposable income at constant market prices increased 1½ per cent.

Output

In the three months to January, the output of the production industries is provisionally estimated to have fallen by 2.1 per cent compared with the previous three months, and by 3.9 per cent compared with the same period a year earlier. The provisional index of production figure for January is 105.3 (1985=100). The index covers the manufacturing and energy industries, and all figures are seasonally adjusted.

Manufacturing output fell by 2.5 per cent in the three months to January compared with the previous three months, and by 3.8 per cent on the same period a year earlier. Within manufacturing, between the latest three month periods, the output of the metals industry fell by 4.0 per cent, chemicals by 2.5 per cent, engineering and allied industries by 2.3 per cent, "other manufacturing" by 3.1 per cent, "other minerals" by 2.0 per cent, textiles and clothing by 2.6 per cent, and food, drink and tobacco by 1.6 per cent.

The output of the energy sector was 1.0 per cent lower than in the preceding three months, and 4.3 per cent down on the same period a year earlier. By market sector, between the latest three month periods, the output of the investment goods industries fell by 2.2 per cent, the output of the consumer goods industries by 2.3 per cent, and the output of the intermediate goods industries by 2.0 per cent.

Producer prices

The input price index for materials and fuel purchased by manufacturing industry fell by 2.4 per cent in the twelve months to February, following a fall of 2.8 per cent in the twelve months to January. From January to February, the index fell by 2.2 per cent. A seasonal fall in electricity costs and lower prices for petroleum products was partly offset by higher prices for home produced food manufacturing materials. The seasonally adjusted index fell by 1.0 per cent between the two months.

The increase over twelve months in the output price index for home sales of manufactured products was 6.3 per cent in February, unchanged from the increase in January. The index rose by 0.5 per cent between January and February.

Retail prices

The general index of retail prices for 12 February was 130.9 (January 1987=100), which was an increase of 0.5 per cent on January and of 8.9 per cent since February 1990. The latter compared with an annualised figure of 9.0 per cent in January, and was the lowest annual rate since March 1990.

Price increases were reported between January and February for food and alcoholic drinks, and housing costs. The index was also affected by rises in household goods, clothing and footwear, following the sharp reductions in the January sales. There were some increases in bus and coach fares and in car prices but petrol prices fell.

The tax and price index for February was 124.3 (January 1987=100), representing an increase of 8.4 per cent over the previous twelve months.

Retail sales

The retail sales index has been revised to reflect the results of the 1988 annual retailing survey.

On this basis, the provisional, seasonally adjusted estimate of retail sales volume in February was 118.7 (1985=100). In the three months December to February, sales were 0.2 per cent down on the previous three months, and 1.7 per cent down on the same period a year earlier.

Based on non-seasonally adjusted data, the provisional estimate of retail sales value in current prices was 4 per cent higher in February than in February 1990.

Balance of payments

In February the current account deficit was £0.2 billion, compared with £0.8 billion in January. In the three months to February there was a deficit of £1.1 billion, compared with £1.0 billion in the previous three months.

The visible deficit in February was £0.7 billion, compared with £1.3 billion in January. In the three months to February the visible deficit was £2.8 billion, little changed from the preceding three months.

In February the value of exports was £8.4 billion, ½ per cent higher than in January. In the three months to February, the value of exports was 4½ per cent lower than in the previous three months and 2½ per cent lower than a year earlier. On a volume basis, excluding oil and the erratic items, exports in the three months to February were 2½ per cent lower than in the previous three months, but unchanged from a year earlier.

Imports in February were valued at £9.0 billion, 6 per cent down on January. In the three months to February, the value of imports was 4 per cent lower than in the previous three months, and 8 per cent lower than a year earlier. Excluding oil and erratics, import volume in the three months to February was 3½ per cent lower than in the previous three months, and 3 per cent lower than a year earlier.

Invisibles are projected to be in surplus by £0.5 billion in February, with a surplus on transactions by the private sector partly offset by a deficit on government transactions. Revisions to projections can be substantial.

In the fourth quarter the seasonally adjusted current account deficit was £0.8 billion, compared with £2.4 billion in the third quarter. In 1990 the deficit is preliminary estimated to be £12.8 billion compared with £19.9 billion in 1989.

The visible trade deficit in the fourth quarter was £3.0 billion, compared with £3.7 in the third quarter. The 1990 visible trade deficit was £17.9 billion, compared with £24.0 billion in 1989.

The first estimates of invisibles in the fourth quarter showed a surplus of £2.1 billion, compared with £1.3 billion in the previous quarter. The surplus on invisibles in 1990 was £5.1 billion, compared with £4.1 billion in 1989.

Public sector borrowing requirement

Provisional estimates put the public sector borrowing requirement at minus £0.7 billion (that is a net repayment) in February. Privatisation proceeds were £0.1 billion. The PSBR for the first eleven months of the current financial year was minus £3.6 billion, compared with a net repayment of £9.7 billion in the same period last year. The PSBR excluding privatisation proceeds was £0.1 billion in the first eleven months of 1990-91, compared with a net repayment of £6.1 billion in the same period last year.

DATA PUBLISHED BY OTHER DEPARTMENTS

Official reserves

The overall level of the UK's official reserves rose by $532 million in March, bringing the end of March reserves to $42,326 million (£24,346 million), compared with $41,794 million (£21,841 million) at the end of February.

The underlying change in the reserves during March was an increase of $540 million. After taking account of Gulf contributions of $236 million, and power privatisation proceeds of $256 million, the change is $48 million.

The underlying change excludes a number of factors that are included in the total change. Proceeds from the month's tender of UK ECU Treasury Bills amounted to $1,174 million. The underlying change also excludes maturing UK ECU Treasury Bills of $1,171 million, and repayments of borrowing under the exchange cover scheme of $11 million. There was no new borrowing under the exchange cover scheme.

Exchange rate

The sterling exchange rate index (1985=100) was 92.9 in March, compared with 94.3 in February.

Unemployment and vacancies

In February, the seasonally adjusted level of unemployment in the UK increased by 85,600 to 1.977 million, 7.0 per cent of the workforce. Over the past six months, unemployment has risen by 53,700 per month on average.

The stock of unfilled vacancies at jobcentres increased by 3,100 to a seasonally adjusted 146,900 in the month to February. Over the three months to February, vacancies have increased on average by 4,800 a month.

Employment

The number of employees in employment in manufacturing industries in Great Britain stood at 4,945,000 in January, the lowest figure in the present statistical series. There has been a drop of 83,000 over the last three months. Manufacturing employment fell by 151,000 in the latest year, compared with a fall of 19,000 in the previous 12 months.

The UK workforce in employment (employees in employment, the self-employed, HM Forces and participants in work related government training programmes) stood at 26,844,000 in September, representing a fall of 46,000 in the quarter. Growth over the year to September was 76,000, compared with 617,000 in the previous twelve months. The level for September 1990 is now the same as December 1989.

Earnings

The underlying increase in average weekly earnings in the year to January was about 9¼ per cent. This was a fall of ¼ per cent from the increase in the year to December. The actual increase in the year to January, at 9.2 per cent, was below the underlying increase because of timing adjustments in respect of bonus payments.

In the production industries, the underlying increase in average weekly earnings in the year to January was about 9¼ per cent, the same as the increase in the year to December. Within this sector, the underlying increase in manufacturing industries in the year to January was about 9¼ per cent. This was the same as the increase in the year to December, which has been revised down from 9¼ per cent. The actual increases for production and manufacturing in the year to January were 9.8 and 9.5 per cent respectively.

In the service industries, the underlying increase in average weekly earnings in the year to January was about 9¼ per cent, a fall of ¼ per cent on the increase in the year to December, which has been revised down from 9¼ per cent. The actual increase in the service industries was 8.7 per cent.

Productivity

Manufacturing output per head in the three months to January was about 0.7 per cent higher than in the three months ending October, and 1.5 per cent lower than in the same period a year earlier. Output per head in the whole economy was about 1.3 per cent lower in the third quarter than in the previous quarter, and about 0.1 per cent lower than in the corresponding quarter in 1989.

Unit wage and salary costs

In the three months to January, wages and salaries per unit of output in manufacturing were 11.4 per cent above the corresponding period a year earlier. This increase exceeded the rise in average earnings in manufacturing because of the fall in productivity of 1.5 per cent over this period. In the third quarter of 1990, wages and salaries per unit of output in the whole economy were 11.0 per cent above the corresponding period a year earlier. Once again, this increase exceeded the rise in average earnings because of the fall of about 0.1 per cent in productivity.

Monetary aggregates

Provisional information suggests that in the 12 months to February, and before seasonal adjustment, M0 increased by 2.5 per cent, M4 by 10.8 per cent, and M5 by 10.7 per cent. In February, again before seasonal adjustment, M0 decreased by 2.6 per cent, M4 increased by 0.3 per cent and M5 increased by 0.2 per cent. After seasonal adjustment, M0 fell by 0.1 per cent, while M4 and M5 both increased by 1.0 per cent.

1 Selected monthly indicators

	Volume of retail sales (GB)+ (1985=100)[1]	Index of output of production industries (1985=100)	Unemployed (thousands)	Vacancies at job centres (thousands)	Average earnings - whole economy (GB) (1988=100)	Producer price index of materials and fuel (1985=100)	Retail prices index (all items) (January 1987=100) (NSA)	Tax and price index (January 1987=100) (NSA)	Sterling exchange rate index (1985=100) (NSA) (seasonally adjusted)	UK official reserves ($ million) (NSA) (seasonally adjusted)	Balance of payments: current balance (£ million)	Money stock M4 (£ million) (seasonally adjusted)
	FAAM	DVIM	BCJD	DPCB	DNAB	DZDQ	CHAW	DQAB	AJHV	AIPI	AIMF	AUYN
1989 Oct	121.9	110.4	1 670.4	213.0†	112.2	104.8	117.5	111.7	89.7	39 681	-1 691†	410 827
Nov	121.7	110.0	1 651.1	207.8	112.8	105.6	118.5	112.8	87.9	38 767	-1 896	417 052
Dec*	123.3*	110.5	1 636.1	197.8	113.5	105.3	118.8	113.1	86.5	38 645	-867	424 017
1990 Jan	122.1	109.6	1 615.8	200.7	115.1	104.7	119.5	113.9	87.9	38 448	-1 730	430 152
Feb	124.3	109.3	1 614.0	199.9	115.6	103.8	120.2	114.7	89.6	38 537	-1 156	435 801
Mar*	122.7*	111.0	1 606.6	198.2	117.3	105.2	121.4	115.9	87.0	39 295	-1 899	440 454
Apr	123.7	111.8	1 607.0	199.9	117.4	104.7	125.1	118.2	87.1	39 028	-1 926	446 210
May	124.4	110.7	1 610.9	195.4	118.7	103.8	126.2	119.4	88.0	38 934	-1 323	451 751
Jun*	122.9*	113.3	1 618.4	185.5	119.8	102.8	126.7	119.9	90.4	39 014	-1 474	456 299
Jul	123.9	109.0	1 632.1	172.3	119.9	102.7	126.8	120.0	93.5	38 842	-1 364	459 961†
Aug	121.9	108.1	1 655.3	167.8	120.7	102.9	128.1	121.4	95.3	39 297	-822	464 086
Sep*	122.6*	108.1	1 670.5	159.2	121.5	104.8	129.3	122.7	93.8	39 060	-257	466 840
Oct	121.2	107.9	1 704.8	142.6	122.3	104.1	130.3	123.8	94.8	38 572	-404	468 247
Nov	120.3	106.3	1 763.1	132.4	123.3	102.9	130.0	123.4	94.2	38 470	-293	475 763
Dec	122.4	105.9	1 842.3	128.7	125.0	102.9†	129.9	123.3	93.3	38 464	-144	474 687
1991 Jan*	120.7	..	1 891.6†	143.8	125.7†	102.6	130.2	123.6	94.1	38 368	-783	477 344
Feb	..	..	1 977.2	146.9	..	101.6	130.9†	124.3†	94.3†	41 794†	-192	..
Percentage change, latest three months on previous three months												
1989 Oct	*-0.1*	*1.8†*	*-5.5*	*-2.2*	*2.1*	*-0.4*	*1.2*	*0.8*	*-1.8*			
Nov	*-0.6*	*0.6*	*-5.2*	*-3.8*	*2.9*	*0.4*	*1.7*	*1.0*	*-2.2*			
Dec	*0.6*	*-0.1*	*-4.2*	*-6.1*	*2.9*	*0.8*	*2.0*	*0.9*	*-4.0*			
1990 Jan	*0.4*	*-0.6*	*-3.5*	*-6.7*	*2.8*	*0.6*	*2.0*	*1.3*	*-3.8*			
Feb	*1.0†*	*-0.5*	*-2.8*	*-6.4*	*2.4*	*-0.4*	*1.7*	*1.5*	*-1.8*			
Mar	*0.5*	*-0.4*	*-2.4*	*-3.2*	*2.8*	*-0.6*	*1.8*	*2.0*	*0.2*			
Apr	*0.8*	*0.6*	*-1.5*	*-1.4*	*2.6*	*-0.6*	*2.8*	*2.6*	*0.5*			
May	*0.2*	*1.3*	*-0.9*	*-0.8*	*2.7*	-	*4.0*	*3.5*	*-0.7*			
Jun	*0.5*	*2.0*	-	*-3.0*	*2.2*	*-0.8*	*4.7*	*3.8*	*0.4*			
Jul	*0.1*	*0.3*	*0.7*	*-7.5*	*2.3*	*-1.4*	*3.5*	*3.0*	*3.1*			
Aug	*-0.5*	*-1.0*	*1.7*	*-11.4*	*2.0*	*-1.7*	*2.4*	*2.2*	*6.5*			
Sep	*-0.7*	*-3.4*	*2.5*	*-14.0*	*1.8*	*-0.3*	*1.6*	*1.8*	*6.4*			
Oct	*-1.4*	*-2.7*	*3.5*	*-15.1*	*1.7*	*0.8*	*2.1*	*2.4*	*4.4*			
Nov	*-1.1*	*-2.4*	*4.7*	*-17.4*	*1.9*	*1.1*	*2.1*	*2.4*	*1.3*			
Dec	*-1.1*	*-1.6*	*7.1*	*-19.1*	*2.3*	*-0.2†*	*1.6*	*1.8*	*-0.1*			
1991 Jan	*-0.6*	*-2.1*	*9.3†*	*-13.8*	*2.6†*	*-1.1*	*0.6*	*0.7*	*-0.8*			
Feb	..	..	*11.1*	*-3.4†*	..	*-1.5*	*0.4†*	*0.4†*	*-0.4†*			
Percentage change, latest three months on corresponding period of previous year												
1989 Oct	*1.3*	*0.2†*	*-21.9*	*-10.8*	*9.5*	*5.1†*	*7.4*	*7.0*	*-4.9*			
Nov	*1.1*	*-0.1*	*-21.6*	*-11.7*	*9.6*	*5.8*	*7.5*	*6.7*	*-6.3*			
Dec	*1.0*	*0.3*	*-20.5*	*-14.5*	*8.7*	*5.5*	*7.6*	*6.3*	*-8.9*			
1990 Jan	*1.5*	*0.1*	*-19.4*	*-14.9*	*8.6*	*4.7*	*7.7*	*6.4*	*-10.2*			
Feb	*2.1*	*-0.1*	*-18.1*	*-14.9*	*8.4*	*3.7*	*7.6*	*6.3*	*-9.9*			
Mar	*1.4†*	*-0.1*	*-16.9*	*-13.3*	*9.1*	*2.9*	*7.8*	*6.5*	*-9.1*			
Apr	*1.6*	*0.2*	*-15.1*	*-12.2*	*9.3*	*2.0*	*8.4*	*6.9*	*-8.6*			
May	*1.2*	*1.4*	*-13.4*	*-11.4*	*9.7*	*0.7*	*9.1*	*7.5*	*-8.2*			
Jun	*1.6*	*2.7*	*-11.4*	*-12.8*	*10.0*	*-1.0*	*9.7*	*7.9*	*-5.4*			
Jul	*1.6*	*2.2*	*-9.6*	*-16.8*	*10.2*	*-1.7*	*9.8*	*8.1*	*-2.1*			
Aug	*1.3*	*0.3*	*-7.1*	*-20.9*	*10.4*	*-1.7*	*10.1*	*8.4*	*1.5*			
Sep	*0.9*	*-2.0*	*-4.2*	*-24.2*	*10.1*	*-0.9*	*10.4*	*8.8*	*2.7*			
Oct	-	*-2.4*	*-1.0*	*-27.8*	*9.8*	*-0.6*	*10.8*	*9.7*	*4.1*			
Nov	*-0.4*	*-2.6*	*2.6*	*-32.1*	*9.3*	*-1.1*	*10.5*	*9.9*	*5.2*			
Dec	*-0.8*	*-3.4*	*7.1*	*-34.7*	*9.5*	*-1.8*	*10.0*	*9.7*	*6.9*			
1991 Jan	*-1.0*	*-3.9*	*12.1†*	*-33.2*	*9.6†*	*-2.3*	*9.3*	*9.0*	*7.4*			
Feb	..	..	*17.4*	*-29.9†*	..	*-2.1*	*9.1†*	*8.6†*	*6.7†*			

1 Minor revisions have been made to seasonally adjusted figures previously published. These reflect the routine updating of the seasonal adjustment factor.

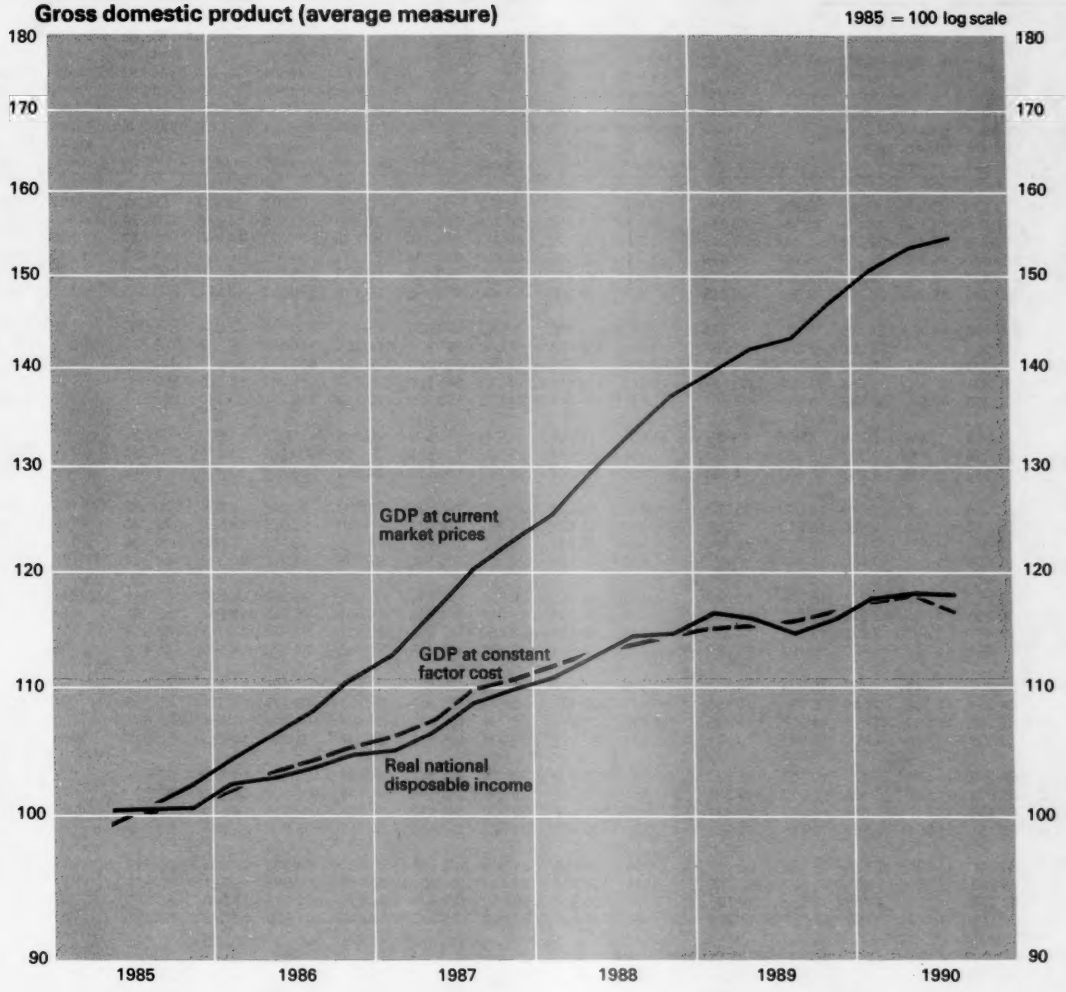
Sources: Department of Trade and Industry; Department of Employment; Bank of England

2 National accounts aggregates

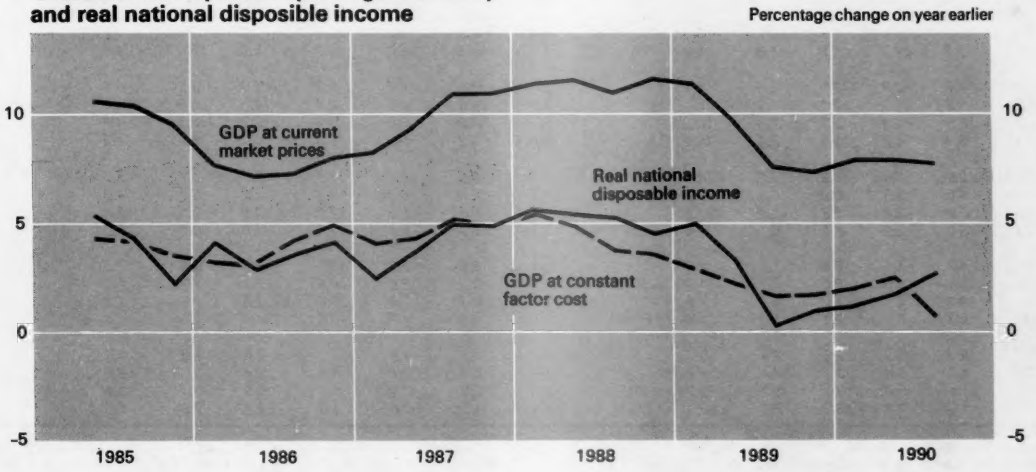
	Gross domestic product									Gross national disposable income: average estimate at 1985 market prices[5] (1985=100)	Implied gross domestic product deflators based on expenditure data	
	At current prices				At 1985 prices							
	At market prices		At factor cost			At factor cost						
	Average estimate[1] (£ mn)	Average estimate[2] (1985=100)	Expenditure-based estimate (£ mn)	Income-based estimate (£ mn)	Average estimate at market prices (1985=100)	Average estimate (1985=100)	Expenditure-based estimate (1985=100)	Income-based estimate[3] (1985=100)	Output-based estimate[4] (1985=100)		At market prices[1] (1985=100)	At factor cost[6] (1985=100)
	CAOB	DJCL	DJAE	DJAL	FNAO	DJDD	DJDE	DIAR	DIGW	DJCR	DJDT	DJCM
1981	254 934	71.6	220 348	218 096	89.6	89.6	90.2	89.4	89.3	89.6	79.8	79.6
1982	278 974	78.3	239 002	237 806	91.2	91.2	91.4	91.0	91.1	91.1	85.9	85.2
1983	304 448	85.5	262 335	261 584	94.5	94.6	95.0	94.8	94.1	95.1	90.4	89.9
1984	325 266	91.3	279 887	279 608	96.6	96.3	96.2	96.2	96.7	97.2	94.6	94.8
1985	356 216	100.0	306 975	306 723	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	382 947	107.5	326 809	326 789	103.8	103.6	103.7	103.8	103.2	103.6	103.5	102.6
1987	420 809†	118.1	358 598†	358 474†	108.6†	108.1†	108.2	108.3†	107.7†	107.8†	108.7†	107.9†
1988	468 030	131.4	397 238	399 613	113.2	112.6	112.4†	113.1	112.4	113.2	116.1	115.2
1989	509 507	143.0†	434 507	435 756	115.3	114.5	114.3	114.7	114.5	115.6	124.0	123.8
1990	543 659	152.6	471 352	470 314	116.0	115.1	115.2	115.0	115.3	117.3	131.6	133.3
			DJBA	DJBE								
1986 Q1	92 884	104.3	79 598	79 611	102.1	101.8	101.9	102.0	101.5	102.7	102.2	101.8
Q2	94 875	106.5	80 946	81 060	103.3	103.1	103.2	103.5	102.7	103.0	103.2	102.2
Q3	96 393	108.2	82 156	82 059	104.4	104.2	104.4	104.3	103.8	103.8	103.7	102.6
Q4	98 795	110.9	84 109	84 059	105.6	105.2	105.4	105.4	104.8	104.9	105.1	104.0
1987 Q1	100 669†	113.0†	86 075†	85 657†	106.2	105.7	106.0†	105.6†	105.4†	105.2	106.4†	105.8†
Q2	103 524	116.2	88 262	88 278	107.7†	107.3†	107.4	107.6	106.9	106.9†	107.9	107.0
Q3	107 037	120.2	91 018	91 100	109.9	109.3	109.4	109.6	108.9	109.2	109.4	108.4
Q4	109 579	123.0	93 243	93 439	110.7	110.1	110.1	110.4	109.7	110.0	111.1	110.4
1988 Q1	111 844	125.6	95 180	95 664	111.9	111.5	111.4	112.0	111.2	110.9	112.2	111.4
Q2	115 035	129.2	97 397	97 979	112.6	112.0	111.8	112.6	111.8	112.3	114.7	113.5
Q3	118 550	133.1	100 459	101 101	113.8	113.2	112.9	113.7	113.0	114.6	117.0	115.9
Q4	122 601	137.7	104 202	104 869	114.5	113.7	113.4	114.2	113.5	114.8	120.2	119.7
1989 Q1	124 449	139.7	106 027	106 493	115.0	114.4	114.2	114.8	114.3	116.5	121.5	121.0
Q2	126 422	142.0	107 644	108 016	114.8	114.0	113.8	114.3	114.0	115.9	123.7	123.3
Q3	127 337	143.0	108 518	108 787	115.3	114.5	114.3	114.7	114.5	114.5	124.0	123.7
Q4	131 299	147.4	112 318	112 460	116.1	115.2	115.0	115.3	115.2	115.5	127.0	127.2
1990 Q1	133 613	150.0	114 244	114 320	116.7	116.0	115.9	116.1	116.0	116.8	128.5	128.4
Q2	135 827	152.5	117 929	117 484	117.3	116.2	116.3	116.0	116.4	117.3	130.0	132.1
Q3	136 161	152.9	118 424	118 111	115.5	114.7	114.7	114.5	114.8	117.6	132.4	134.5
Q4	138 058	155.0	120 755	120 399	114.4	113.6	113.7	113.5	113.8	117.4	135.5	138.4
Percentage change, quarter on corresponding quarter of previous year[7]												
1986 Q1	*7.7*	*7.7*	*6.7*	*6.8*	*3.1*	*3.1*	*3.2*	*3.4*	2.7†	*4.0*	*4.5*	*3.4*
Q2	*7.1*	*7.1*	*5.8*	*6.0*	*3.2*	*2.8*	*2.9*	*3.1*	2.4	*2.8*	*3.8*	*2.8*
Q3	*7.2*	*7.2*	*6.4*	*6.4*	*4.2*	*3.9*	*4.1*	*4.1*	3.6	*3.5*	*3.0*	*2.2*
Q4	*8.0*	*8.0*	*6.9*	*6.9*	*4.9*	*4.4*	*4.6*	*4.6*	4.2	*4.1*	*3.0*	*2.2*
1987 Q1	*8.4*†	*8.4*†	*8.1*†	*7.6*†	*4.1*	*3.8*	*4.1*†	*3.5*†	3.9	*2.4*	*4.1*†	*3.9*†
Q2	*9.1*	*9.1*	*9.0*	*8.9*	*4.3*†	*4.0*†	*4.1*	*4.0*	4.0	*3.8*†	*4.6*	*4.8*
Q3	*11.0*	*11.0*	*10.8*	*11.0*	*5.3*	*4.9*	*4.8*	*5.0*	4.9	*5.1*	*5.5*	*5.7*
Q4	*10.9*	*10.9*	*10.9*	*11.2*	*4.9*	*4.6*	*4.5*	*4.8*	4.7	*4.9*	*5.8*	*6.1*
1988 Q1	*11.1*	*11.1*	*10.6*	*11.7*	*5.4*	*5.5*	*5.0*	*6.1*	5.5	*5.4*	*5.4*	*5.3*
Q2	*11.1*	*11.1*	*10.3*	*11.0*	*4.5*	*4.4*	*4.0*	*4.6*	4.6	*5.1*	*6.3*	*6.1*
Q3	*10.8*	*10.8*	*10.4*	*11.0*	*3.5*	*3.6*	*3.2*	*3.8*	3.8	*5.0*	*7.0*	*6.9*
Q4	*11.9*	*11.9*	*11.8*	*12.2*	*3.4*	*3.3*	*3.0*	*3.5*	3.5	*4.4*	*8.2*	*8.5*
1989 Q1	*11.3*	*11.3*	*11.4*	*11.3*	*2.7*	*2.6*	*2.5*	*2.5*	2.8	*5.0*	*8.3*	*8.6*
Q2	*9.9*	*9.9*	*10.5*	*10.2*	*2.0*	*1.8*	*1.8*	*1.5*	2.0	*3.2*	*7.8*	*8.6*
Q3	*7.4*	*7.4*	*8.0*	*7.6*	*1.4*	*1.1*	*1.2*	*0.8*	1.3	*-0.1*	*6.0*	*6.7*
Q4	*7.1*	*7.1*	*7.8*	*7.2*	*1.4*	*1.3*	*1.4*	*0.9*	1.5	*0.6*	*5.6*	*6.3*
1990 Q1	*7.4*	*7.4*	*7.7*	*7.3*	*1.5*	*1.4*	*1.5*	*1.1*	1.5	*0.3*	*5.8*	*6.2*
Q2	*7.4*	*7.4*	*9.6*	*8.8*	*2.2*	*2.0*	*2.2*	*1.5*	2.2	*1.2*	*5.1*	*7.2*
Q3	*6.9*	*6.9*	*9.1*	*8.6*	*0.1*	*0.2*	*0.4*	*-0.1*	0.3	*2.7*	*6.8*	*8.7*
Q4	*5.1*	*5.1*	*7.5*	*7.1*	*-1.5*	*-1.3*	*-1.2*	*-1.6*	-1.2	*1.6*	*6.8*	*8.8*

1 These series are affected by the abolition of domestic rates and the introduction of the Community Charge. For details, see notes in the UK National Accounts article in this issue.
2 "Money GDP."
3 Income data deflated by the implied GDP deflator at factor cost based on expenditure data.
4 New version, see notes section in the UK National Accounts article in this issue
5 Also known as Real national disposable income (RNDI).
6 Also known as the Index of total home costs.
7 These estimates of change are based in some cases on less rounded figures than in the table.

Gross domestic product (average measure)



Gross domestic product (average measure) and real national disposible income



3 Gross domestic product: by category of expenditure[1]

£ million, 1985 prices

	Domestic expenditure on goods and services at market prices														
		General government final consumption													
	Consumers' expenditure[2]	Central government	Local authorities	Total	Gross domestic fixed capital formation	Value of physical increase in stocks and work in progress[3]	Total domestic expenditure[2]	Exports of goods and services	Total final expenditure[2]	*less* Imports of goods and services	Gross domestic product (expenditure based) at market prices[2]	*less* Factor cost adjustment[4]	Gross domestic product (expenditure based) at factor cost	Statistical discrepancy (expenditure adjustment)	Gross domestic product (average estimate) at factor cost[5]
	CCBH	DJDK	DJDL	DJCZ	DFDM	DHBK	DIEL	DJCV	DJDA	DJCY	DJCX	DJCU	DJCW	GIXS	CAOP
1981	196 011	44 108	27 074	71 184	48 298	-3 200	311 733	88 288	399 968	78 746	321 205	44 246	276 971	-1 898	275 073
1982	197 980	44 421	27 318	71 762	50 915	-1 281	319 120	89 028	408 113	82 578	325 527	44 895	280 647	-803	279 844
1983	207 106	45 281	27 912	73 193	53 476	1 357	335 132	90 832	425 964	87 952	338 012	46 355	291 657	-1 243	290 414
1984	210 472	45 741	28 124	73 865	58 034	1 084	343 455	96 786	440 241	96 655	343 586	48 347	295 239	359	295 598
1985	217 941	45 879	28 006	73 885	60 353	821	353 000	102 490	455 490	99 148	356 342	49 367	306 975	-126	306 849
1986	231 668	46 728	28 499	75 227	61 483	752	369 130	107 252	476 382	105 963	370 419	52 034	318 385	-568	317 817
1987	243 509†	46 817†	29 383	76 200†	67 607†	1 167	388 483†	113 388†	501 871†	114 285†	387 586†	55 307†	332 279†	-611†	331 668†
1988	260 277	46 960	29 702	76 662	77 114	3 726	417 779	113 705	531 484	128 871	402 613	57 645	344 968	650	345 618
1989	270 321	47 103	29 986	77 089	80 162	2 246	429 818	118 788	548 606	138 317	410 289	59 339	350 950	472	351 422
1990	272 898	47 529	30 885†	78 414	78 669	-677†	429 304	124 525	553 829	140 517	413 312	59 790	353 522	-209	353 313
	CAAB	DIAV	DIAW	DIAT	DECU	DGBA	DIAY	DJDG	DIAU	DJDJ	DJDI	DIAS	DJDH		
1985 Q3	54 888	11 446	7 004	18 450	14 854	-81	88 111	25 504	113 615	24 306	89 309	12 379	76 930	-46	76 884
Q4	55 357	11 348	7 055	18 403	14 994	253	89 007	25 563	114 570	24 854	89 716	12 401	77 315	-64	77 251
1986 Q1	56 558	11 841	7 049	18 890	15 207	-431	90 224	26 102	116 326	25 332	90 994	12 805	78 189	-106	78 083
Q2	58 040	11 700	7 130	18 830	14 781	-42	91 609	26 761	118 370	26 310	92 060	12 832	79 228	-100	79 128
Q3	58 265	11 625	7 140	18 765	15 624	540	93 194	26 902	120 096	26 933	93 163	13 059	80 104	-185	79 919
Q4	58 805	11 562	7 180	18 742	15 871	685	94 103	27 487	121 590	27 388	94 202	13 338	80 864	-177	80 687
1987 Q1	59 185†	11 498†	7 271	18 769†	16 029†	-419†	93 564†	28 221†	121 785†	26 902†	94 883†	13 515†	81 368†	-294†	81 074†
Q2	60 250	11 705	7 322	19 027	16 271	587	96 135	27 921	124 056	28 001	96 055	13 594	82 461	-148	82 313
Q3	61 477	11 837	7 370	19 207	17 220	529	98 433	28 860	127 293	29 317	97 976	14 018	83 958	-114	83 844
Q4	62 597	11 777	7 420	19 197	18 087	470	100 351	28 386	128 737	30 065	98 672	14 180	84 492	-55	84 437
1988 Q1	63 903	11 841	7 482	19 323	18 343	241	101 810	28 079	129 889	30 301	99 588	14 116	85 472	98	85 570
Q2	64 354	11 762	7 388	19 150	19 555	-131	102 928	28 922	131 850	31 737	100 113	14 320	85 793	154	85 947
Q3	65 682	11 551	7 426	18 977	19 425	1 130	105 214	28 798	134 012	32 894	101 118	14 454	86 664	189	86 853
Q4	66 338	11 806	7 406	19 212	19 791	2 486	107 827	27 906	135 733	33 939	101 794	14 755	87 039	209	87 248
1989 Q1	66 915	11 626	7 477	19 103	20 629	1 366	108 013	29 134	137 147	34 889	102 258	14 620	87 638	155	87 793
Q2	67 800	11 577	7 436	19 013	19 931	817	107 561	29 015	136 576	34 474	102 102	14 781	87 321	135	87 456
Q3	67 455	12 049	7 514	19 563	19 621	817	107 456	29 977	137 433	34 842	102 591	14 874	87 717	109	87 826
Q4	68 151	11 851	7 559	19 410	19 981	-754	106 788	30 662	137 450	34 112	103 338	15 064	88 274	73	88 347
1990 Q1	68 541	11 894	7 626	19 520	20 487	-255	108 293	31 309	139 602	35 697	103 905	14 956	88 949	38	88 987
Q2	69 063	12 157	7 694†	19 851	20 285	-414	108 785	31 449	140 234	35 642	104 592	15 321	89 271	-100	89 171
Q3	68 178	11 756	7 766	19 522	19 188	72	106 960	30 660	137 620	34 735	102 885	14 840	88 045	-68	87 977
Q4	67 116	11 722	7 799	19 521	18 709	-80	105 266	31 107	136 373	34 443	101 930	14 673	87 257	-79	87 178

Percentage change, quarter on corresponding quarter of previous year

1985 Q3	*4.8*	*-0.1*	*-0.7*	*-0.3*	*2.2*	*3.2*	*4.3*	*3.4*	*-0.3*	*4.5*	*2.6*	*4.8*	*4.4*
Q4	*4.2*	*-1.6*	*1.1*	*-0.6*	*2.0*	*2.5*	*2.6*	*2.5*	*-1.4*	*3.7*	*1.8*	*4.0*	*3.7*
1986 Q1	*5.0*	*1.3*	*1.2*	*1.2*	*-4.3*	*2.2*	*3.4*	*2.5*	*-*	*3.2*	*3.1*	*3.2*	*3.1*
Q2	*7.8*	*2.7*	*2.1*	*2.5*	*1.2*	*4.5*	*2.2*	*4.0*	*6.7*	*3.3*	*5.5*	*2.9*	*2.8*
Q3	*6.2*	*1.6*	*1.9*	*1.7*	*5.2*	*5.8*	*5.5*	*5.7*	*10.8*	*4.3*	*5.5*	*4.1*	*3.9*
Q4	*6.2*	*1.9*	*1.8*	*1.8*	*5.8*	*5.7*	*7.5*	*6.1*	*10.2*	*5.0*	*7.6*	*4.6*	*4.4*
1987 Q1	*4.6*	*-2.9*	*3.1*	*-0.6*	*5.4†*	*3.7*	*8.1†*	*4.7*	*6.2†*	*4.3†*	*5.5†*	*4.1†*	*3.8*
Q2	*3.8*	*-*	*2.7*	*1.0*	*10.1*	*4.9†*	*4.3*	*4.8†*	*6.4*	*4.3*	*5.9*	*4.1*	*4.0†*
Q3	*5.5†*	*1.8*	*3.2*	*2.4*	*10.2*	*5.6*	*7.3*	*6.0*	*8.9*	*5.2*	*7.3*	*4.8*	*4.9*
Q4	*6.4*	*1.9*	*3.3*	*2.4*	*14.0*	*6.6*	*3.3*	*5.9*	*9.8*	*4.7*	*6.3*	*4.5*	*4.6*
1988 Q1	*8.0*	*3.0*	*2.9*	*3.0*	*14.4*	*8.8*	*-0.5*	*6.7*	*12.6*	*5.0*	*4.4*	*5.0*	*5.5*
Q2	*6.8*	*0.5*	*0.9*	*0.6*	*20.2*	*7.1*	*3.6*	*6.3*	*13.3*	*4.2*	*5.3*	*4.0*	*4.4*
Q3	*6.8*	*-2.4†*	*0.8*	*-1.2†*	*12.8*	*6.9*	*-0.2*	*5.3*	*12.2*	*3.2*	*3.1*	*3.2*	*3.6*
Q4	*6.0*	*0.2*	*-0.2*	*0.1*	*9.4*	*7.4*	*-1.7*	*5.4*	*12.9*	*3.2*	*4.1*	*3.0*	*3.3*
1989 Q1	*4.7*	*-1.8*	*-0.1*	*-1.1*	*12.5*	*6.1*	*3.8*	*5.6*	*15.1*	*2.7*	*3.6*	*2.5*	*2.6*
Q2	*5.4*	*-1.6*	*0.6*	*-0.7*	*1.9*	*4.5*	*0.3*	*3.6*	*8.6*	*2.0*	*3.2*	*1.8*	*1.8*
Q3	*2.7*	*4.3*	*1.2*	*3.1*	*1.0*	*2.1*	*4.1*	*2.6*	*5.9*	*1.5*	*2.9*	*1.2*	*1.1*
Q4	*2.7*	*0.4*	*2.1*	*1.0*	*1.0*	*-1.0*	*9.9*	*1.3*	*0.5*	*1.5*	*2.1*	*1.4*	*1.3*
1990 Q1	*2.4*	*2.3*	*2.0*	*2.2*	*-0.7*	*0.3*	*7.5*	*1.8*	*2.3*	*1.6*	*2.3*	*1.5*	*1.4*
Q2	*1.9*	*5.0*	*3.5†*	*4.4*	*1.8*	*1.1*	*8.4*	*2.7*	*3.4*	*2.4*	*3.7*	*2.2*	*2.0*
Q3	*1.1*	*-2.4*	*3.4*	*-0.2*	*-2.2*	*-0.5*	*2.3*	*0.1*	*-0.3*	*0.3*	*-0.2*	*0.4*	*0.2*
Q4	*-1.5*	*-1.1*	*3.2*	*0.6*	*-6.4*	*-1.4*	*1.5*	*-0.8*	*1.0*	*-1.4*	*-2.6*	*-1.2*	*-1.3*

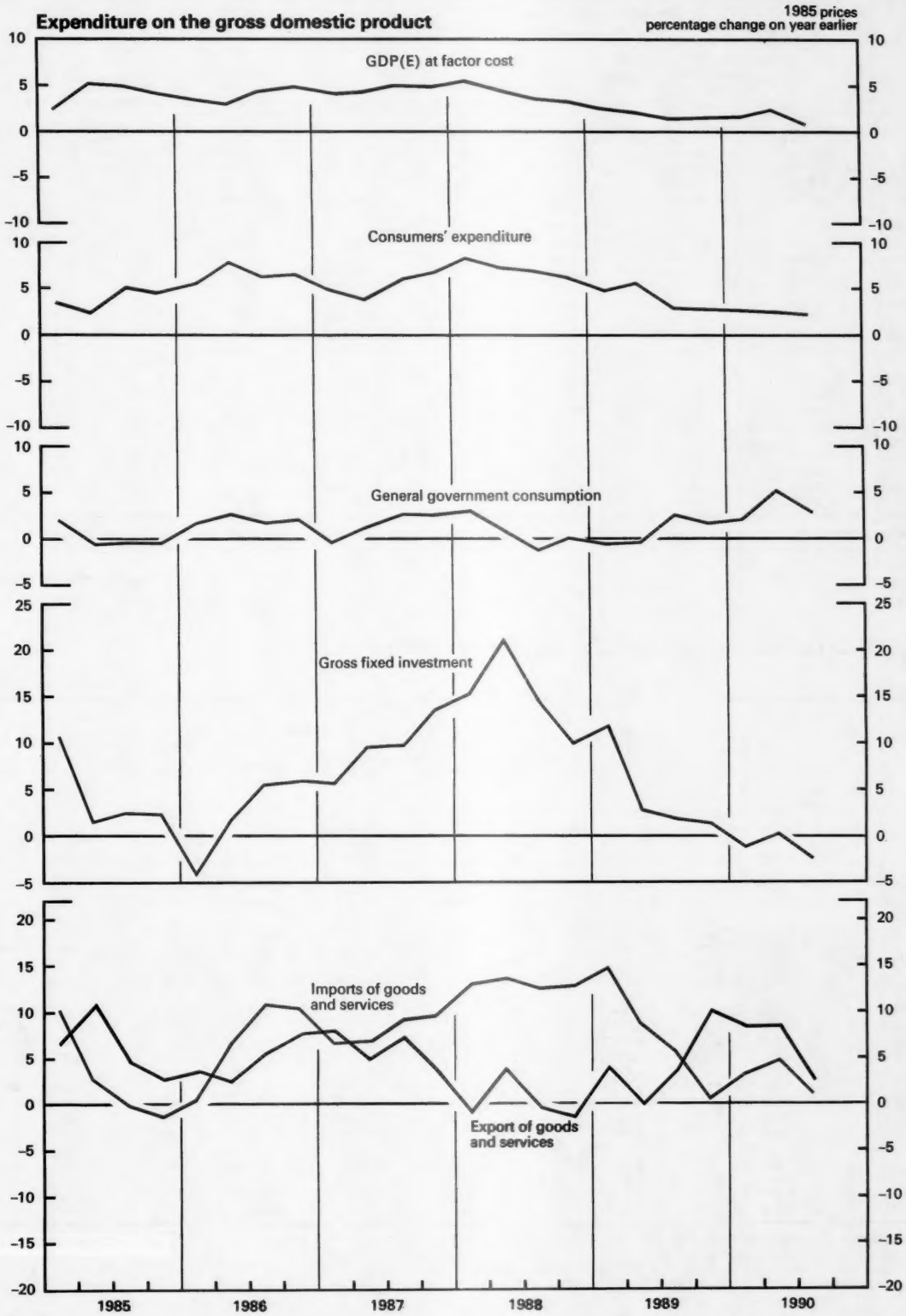
1 For years up to and including 1982, totals differ from the sum of the components because of the method used to rebase on 1985 prices.

2 These series are affected by the abolition of domestic rates and the introduction of the Community Charge. For details, see notes section in the UK National Accounts article in this issue.

3 Includes quarterly national accounts statistical adjustment. For explanation see notes section in the UK National Accounts article in this issue.

4 Represents taxes on expenditure less subsidies, both valued at 1985 prices.

5 The average estimate of Gross Domestic Product is estimated in seasonally adjusted form only. Therefore whilst seasonally and unadjusted versions exist of the residual error, the attribution of statistical discrepancies to the expenditure-based and income-based measure can be made only in seasonally-adjusted form.


Expenditure on the gross domestic product
1985 prices
percentage change on year earlier
GDP(E) at factor cost
Consumers' expenditure
General government consumption
Gross fixed investment
Imports of goods and services
Export of goods and services
1985
1986
1987
1988
1989
1990

4 Personal disposable income and consumption

	£ million, current prices					£ million, 1985 prices		
	Personal income before tax							
	Total[1]	of which: Wages, salaries and forces' pay	Total personal disposable income[2]	Consumers' expenditure	Personal saving ratio[3] (percentage)+	Real personal disposable income[4] +	Real consumers' expenditure	Real personal disposable income at 1985 prices (1985=100)
	AIIQ	AIJB	AIIW	AIIX	AIIZ	CFAH	CAAB	CFAF
1987	357 704†	200 049†	283 593†	265 300†	*6.5*†	260 299†	243 509†	107.8†
1988	396 737	223 395	314 035	297 712	*5.2*	274 548	260 277	113.7
1989	438 674	248 027	349 302	326 455	*6.5*	289 239	270 321	119.8
1990	485 751	275 543	377 431	345 171	*8.5*	298 403	272 898	123.6
1987 Q1	86 120†	47 887†	68 172†	63 623†	*6.7*†	63 413†	59 185†	105.1†
Q2	88 500	49 296	70 298	65 167	*7.3*	64 989	60 250	107.7
Q3	90 528	50 667	71 718	67 292	*6.2*	65 516	61 477	108.5
Q4	92 556	52 199	73 405	69 218	*5.7*	66 381	62 597	110.0
1988 Q1	95 366	53 655	74 990	71 402	*4.8*	67 114	63 903	111.2
Q2	97 773	55 000	77 834	73 263	*5.9*	68 371	64 354	113.3
Q3	100 199	56 572	79 297	75 724	*4.5*	68 784	65 682	113.9
Q4	103 399	58 168	81 914	77 323	*5.6*	70 279	66 338	116.4
1989 Q1	105 452	59 746	83 918	79 023	*5.8*	71 061	66 915	117.7
Q2	109 287	61 203	87 259	81 211	*6.9*	72 849	67 800	120.7
Q3	110 833	62 664	88 082	82 039	*6.9*	72 426	67 455	120.0
Q4	113 102	64 414	90 043	84 182	*6.5*	72 903	68 151	120.8
1990 Q1	116 703	66 402	92 460	85 829	*7.2*	73 840	68 541	122.3
Q2	119 965	68 417	92 629	86 106	*7.0*	74 312	69 063	123.1
Q3	123 612	69 863	95 248	86 614	*9.1*	74 996	68 178	124.2
Q4	125 471	70 861	97 094	86 622	*10.8*	75 255	67 116	124.7

1 Before providing for depreciation and stock appreciation.
2 Before providing for depreciation, stock appreciation and additions to tax reserves.
3 Personal savings as a percentage of personal disposable income.
4 Personal disposable income revalued by the implied consumers' expenditure deflator (1985 = 100).

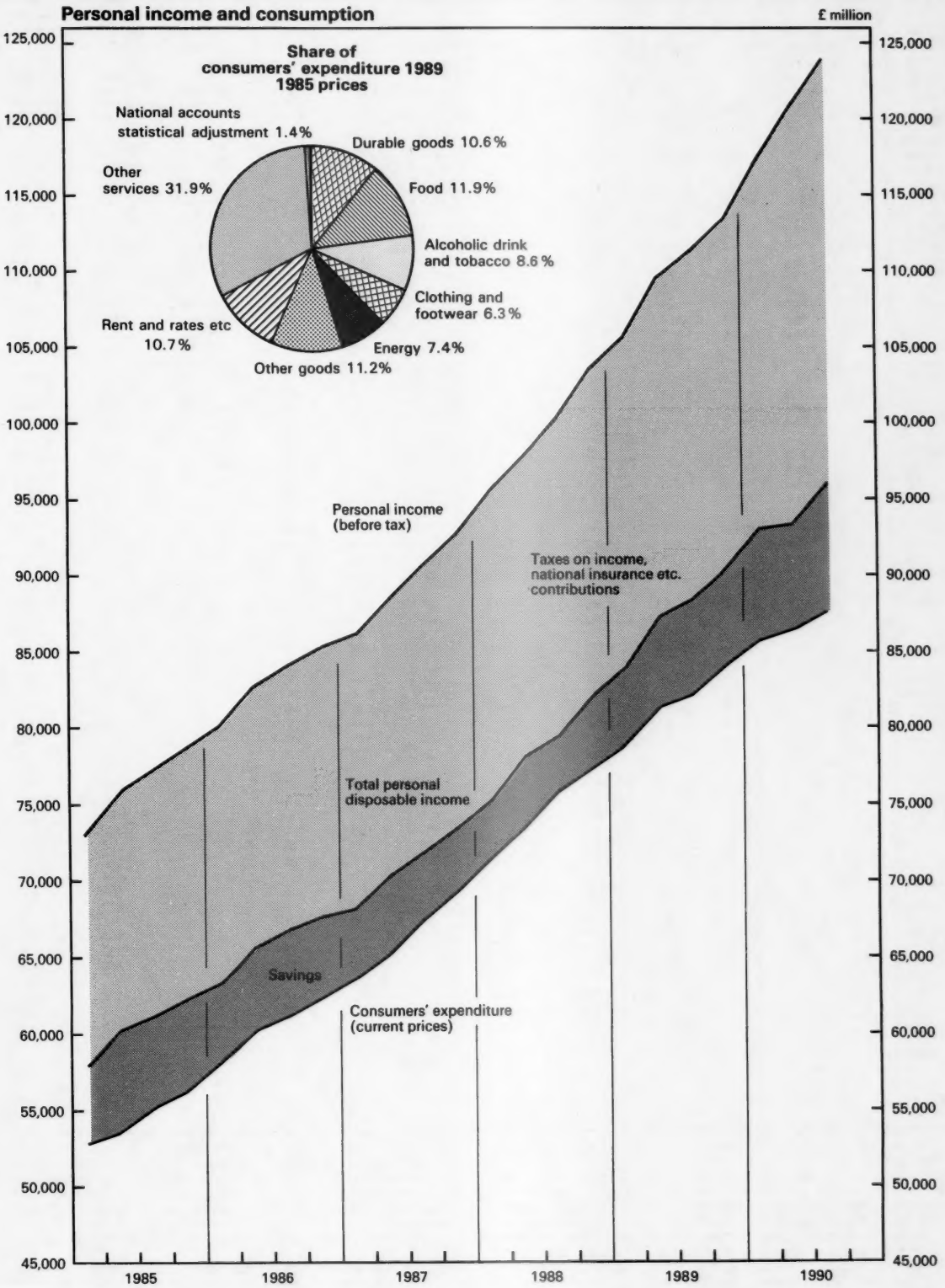
Source: Central Statistical Office

5 Real consumers' expenditure - component categories

£ million, 1985 prices

	Durable goods	Food	Alcoholic drink and tobacco	Clothing and footwear	Energy products	Other goods	Rent, rates and water charges	Other services[1]	National accounts statistical adjustment[2]	Total
	CCBW	CCCA	FCCD	FCCE	CCCG	CCCM	CCCN	CCCJ	CARU	CAAB
1986	22 166	31 741	22 511	16 223	19 296	24 857	27 862	67 012	-	231 668
1987	24 199†	31 898	22 787†	16 950†	19 617	26 369†	28 252	73 437†	-	243 509†
1988	27 218	32 143	23 181	17 557	20 321	28 736	28 602	80 769	1 750	260 277
1989	28 608	32 229	23 181	17 226	20 114	30 366	28 997	85 900	3 700	270 321
1986 Q3	5 572	7 979	5 615	4 089	4 853	6 325	6 978	16 854	-	58 265
Q4	5 728	7 948	5 714	4 074	4 720	6 374	7 001	17 246	-	58 805
1987 Q1	5 763†	7 766	5 573†	4 110†	4 947	6 339†	7 028	17 659†	-	59 185†
Q2	5 930	7 883	5 696	4 201	4 806	6 558	7 052	18 124	-	60 250
Q3	6 200	8 086	5 738	4 293	4 897	6 704	7 075	18 484	-	61 477
Q4	6 306	8 163	5 780	4 346	4 967	6 768	7 097	19 170	-	62 597
1988 Q1	6 613	8 246	5 808	4 349	5 056	6 941	7 116	19 594	180	63 903
Q2	6 692	7 962	5 752	4 369	4 955	7 120	7 139	19 965	400	64 354
Q3	7 072	8 006	5 802	4 427	5 171	7 253	7 162	20 269	520	65 682
Q4	6 841	7 929	5 819	4 412	5 139	7 422	7 185	20 941	650	66 338
1989 Q1	7 201	8 111	5 770	4 369	4 817	7 512	7 212	21 163	760	66 915
Q2	7 335	8 223	5 817	4 330	5 147	7 543	7 237	21 298	870	67 800
Q3	7 129	7 913	5 805	4 268	4 997	7 547	7 262	21 554	980	67 455
Q4	6 943	7 982	5 789	4 259	5 153	7 764	7 286	21 885	1 090	68 151
1990 Q1	7 053	7 937†	5 760	4 322	5 003†	7 734	7 311	22 301	1 120†	68 541
Q2	6 920	8 087	5 821	4 344	5 156	7 712	7 336	22 657	1 030	69 063
Q3	6 708	7 774	5 828	4 321	5 201	7 595	7 362	22 449	940	68 178
Q4	6 223	7 894	5 809	4 142	5 077	7 688	7 387†	22 126	770	67 116

1 Including the adjustments for international travel, etc. and final expenditure by private non-profit-making bodies.
2 For description of adjustment see notes section in the UK National Accounts article in this issue.


Personal income and consumption
£ million
Share of consumers' expenditure 1989 1985 prices
National accounts statistical adjustment 1.4%
Durable goods 10.6%
Other services 31.9%
Food 11.9%
Alcoholic drink and tobacco 8.6%
Clothing and footwear 6.3%
Rent and rates etc 10.7%
Energy 7.4%
Other goods 11.2%
Personal income (before tax)
Taxes on income, national insurance etc. contributions
Total personal disposable income
Savings
Consumers' expenditure (current prices)
125,000
120,000
115,000
110,000
105,000
100,000
95,000
90,000
85,000
80,000
75,000
70,000
65,000
60,000
55,000
50,000
45,000
1985
1986
1987
1988
1989
1990

6 Retail sales, new registrations of cars and credit business (Great Britain)

	Value of retail sales per week: total (average 1985=100)[5]	Volume of retail sales per week+(average 1985=100)[5]						New registrations of cars+ (seasonally adjusted, thousands)[3,4]	Consumer credit: change in total outstanding (£ million)	Credit business: changes in amounts outstanding (£ million)[1,2]	
		Total	Food retailers	Mixed retail businesses	Clothing and footwear retailers	Household goods retailers	Other non-food retailers			Agreements with consumers	Agreements with businesses
Sales in 1985 £ million	*87 920*	*87 920*	*32 986*	*15 865*	*8 677*	*14 717*	*15 675*				
	FAAL	FAAM	FAAN	FAAO	FAAP	FAAQ	FAAR	DKBY	-AIKM	FSBN	FSBO
1986	108.8	105.3	103.4	105.0	109	111	102	1 883.2	4 324	2 385	822
1987	118.3	111.5	107.4	111.8	119	121	107	2 016.2	6 017	3 508	1 221
1988	130.5	119.2	112.9	118.6	127	135	114	2 210.2	6 447†	3 640	1 892
1989	139.6	121.8	116.8	118.2	128	136	118	2 304.5	6 173	2 910	1 604
1990	149.3	122.7	119.7	117.4	130	134	119	2 008.8	..	3 030	182
1987 Q1	113.5	108.0	105.7	108.1	113	115	104	476.9	1 196	957	136
Q2	116.8	110.6	106.5	110.9	117	120	106	495.4	1 793	1 066	402
Q3	120.0	113.0	108.1	112.9	121	124	108	516.7	1 409	792	374
Q4	122.8	114.5	109.4	115.2	124	126	109	527.2	1 619	866	309
1988 Q1	126.1	117.0	111.5	116.4	125	131	112	527.6	1 512†	982	375
Q2	128.6	118.3	112.4	117.7	126	133	114	543.3	1 719	993	414
Q3	132.3	120.2	113.4	119.5	129	138	114	589.4	2 055	980	538
Q4	134.7	121.2	114.1	120.9	130	138	116	549.9	1 161	685	565
1989 Q1	136.3	121.3	114.7	120.3	128	138	117	577.1	1 567	897	602
Q2	138.5	121.7	117.1	117.5	129	137	118	598.3	1 922	899	107
Q3	140.4	121.6	117.5	117.3	127	135	119	576.7	1 644	729	278
Q4	143.3	122.4	117.8	117.8	129	136	120	552.4	1 040	385	617
1990 Q1	146.3	123.0	117.9	117.8	131	138	120	538.0†	980	911	73
Q2	149.6	123.6	119.7	118.6	132	137	120	511.5	1 067	721	74
Q3	150.7	122.8	120.7	117.5	131	132	119	503.8	1 079	686	137
Q4	150.7	121.4	120.4	115.8	126	130	118	455.5	..	712	-102
1988 Sep*	132.2*	119.7*	113.6*	118.7*	129*	135*	114*	203.8	..	305	101
Oct	134.3	121.3	114.1	121.2	130	139	116	171.3	..	167	118
Nov	134.8	121.2	113.9	121.2	130	137	117	185.9	..	272	328
Dec*	135.0*	121.1*	114.4*	120.5*	129*	137*	116*	192.7	..	246	119
1989 Jan	134.1	119.7	111.7	119.6	127	137	116	197.9	..	344	219
Feb	136.4	121.5	115.7	120.1	127	138	116	198.5	..	153	210
Mar*	138.0*	122.5*	116.3*	121.2*	130*	139*	118*	180.7	..	400	173
Apr	136.6	120.6	116.6	115.7	126	138	114	197.2	..	305	226
May	140.0	123.1	117.0	120.2	133	138	119	202.6	..	425	-135
Jun*	138.8*	121.4*	117.5*	116.9*	127*	134*	119*	198.5	..	169	16
Jul	138.7	120.7	117.3	115.0	125	134	119	193.1	..	285	19
Aug	140.3	121.8	117.5	118.3	127	135	119	203.2	..	280	42
Sep*	141.7*	122.3*	117.6*	118.3*	129*	136*	120*	180.4	..	164	217
Oct	142.1	121.9	117.8	116.3	127	137	120	183.7	..	179	371
Nov	142.6	121.7	117.4	116.6	129	135	119	182.0	..	208	97
Dec*	144.8*	123.3*	118.2*	119.9*	130*	136*	122*	186.7	..	-2	149
1990 Jan	144.4	122.1	116.0	116.5	129	139	121	192.1	..	492	-14
Feb	147.7	124.3	119.2	119.2	132	142	119	169.7	..	278	86
Mar*	146.6*	122.7*	118.3*	117.7*	131*	136*	120*	176.2	..	141	1
Apr	148.9	123.7	118.8	119.2	133	137	121	167.9	..	159	-8
May	150.8	124.4	120.8	118.8	134	137	121	178.9	..	322	135
Jun*	149.3*	122.9*	119.4*	117.9*	129*	137*	119*	164.7	..	240	-53
Jul	150.9	123.9	121.0	117.3	134	135	121	169.0	..	159	-130
Aug	149.6	121.9	119.4	117.9	130	130	119	170.8	..	196	239
Sep*	151.4	122.6	121.5	117.3	130	132	118	164.0	..	331	28
Oct	150.1	121.2	121.0	114.0	124	132	118	156.7	..	342	-146
Nov	149.6	120.3	120.0	112.5	126	128	118	149.9	..	229	5
Dec	152.1	122.4	120.3	119.8	129	131	119	148.9	..	141	39
1991 Jan	150.3†	120.7	120.0†	115.9†	129†	129†	115†	152.0†	..	60†	-102†
Feb	..	..	..	..	..	..	..	126.2	..	..	..

1 The series have been revised to take account of updated seasonal adjustment factors.

2 Changes in amounts outstanding to finance houses, other specialist credit grantors and on bank credit cards. Unsecured loans by building societies permitted under the terms of the *Building Societies Act 1986* are included from the beginning of 1987. Loans by retailers, building societies and on bank credit cards are all treated as consumer agreements. There is a break at the end of 1985. Before this, loans on bank credit cards and agreements block discounteds, with finance houses and other specialist credit grantors were excluded. Loans to consumers by finance houses and other specialist credit grantors covered agreements regulated under the *Consumer Credit Act 1974* and loans to business covered other agreements. There is a break after October 1988 in the series for consumers. This is the result of a change in recording practice relating to bank credit cards. A break occured after June 1989, in the series for consumers, when the retailers survey became a quarterly survey, hence figures from January 1988 have been adjusted to retailers. Earlier figures in the series include selected kinds of retailers.

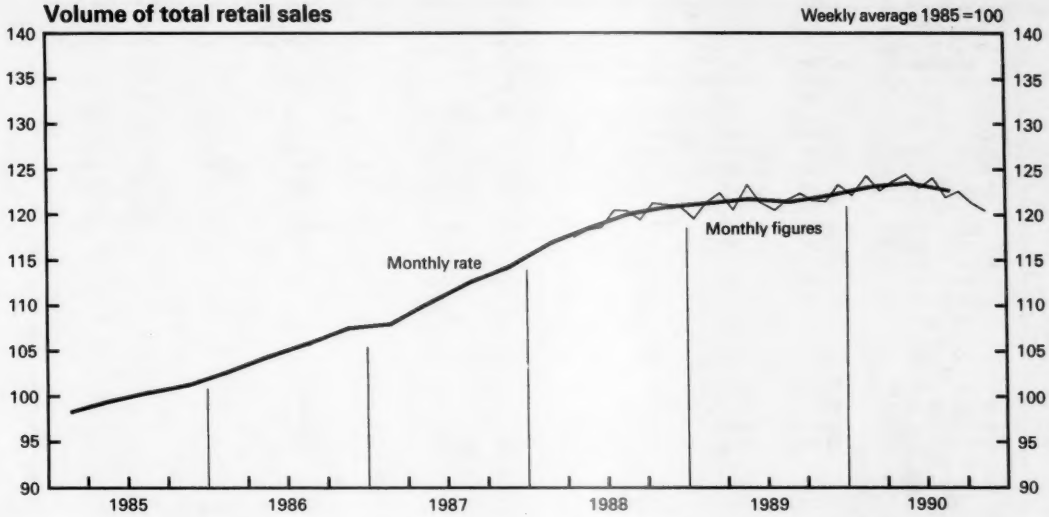
3 Seasonally adjusted figures within 1990 are provisional.

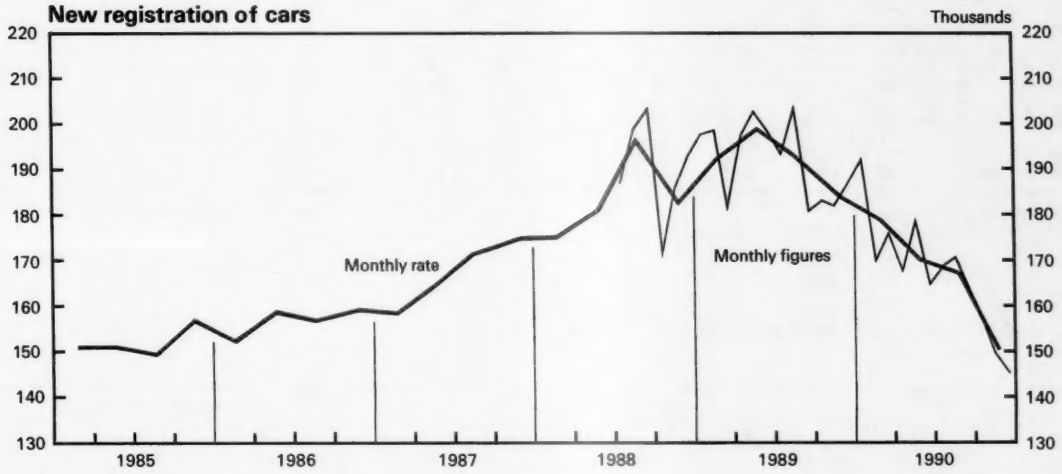
4 The annual and quarterly figures shown are totals, not monthly averages as previously shown.

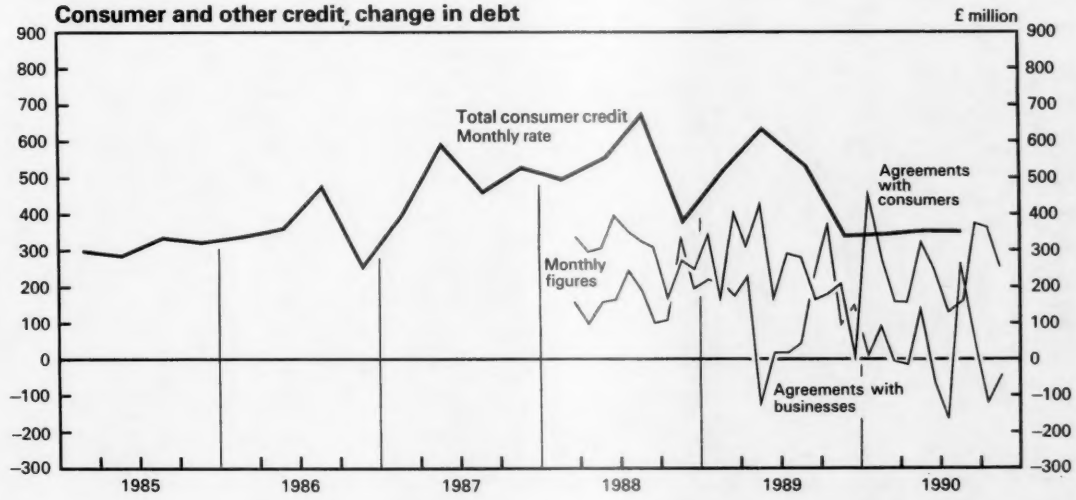
5 Minor revisions have been made to seasonally adjusted figures previously published. These reflect the routine updating of the seasonal adjustment factor.

Sources: (

Department of Transport


Volume of total retail sales
Weekly average 1985 = 100
140
135
130
125
120
115
110
105
100
95
90
Monthly rate
Monthly figures
1985
1986
1987
1988
1989
1990


New registration of cars
Thousands
220
210
200
190
180
170
160
150
140
130
Monthly rate
Monthly figures
1985
1986
1987
1988
1989
1990


Consumer and other credit, change in debt
£ million
900
800
700
600
500
400
300
200
100
0
–100
–200
–300
Total consumer credit
Monthly rate
Agreements with consumers
Monthly figures
Agreements with businesses
1985
1986
1987
1988
1989
1990

7 Gross domestic product and shares of income and expenditure

	Gross domestic product at current factor cost		Total final expenditure (current market prices) (£ mn)	Percentage share of total final expenditure						Percentage share of gross domestic product (income-based)				
						Gross fixed investment					Gross trading profits[1]			
	Expenditure-based (£ mn)	Income-based (£ mn)		Consumers' expenditure	General government consumption	General government	Public corporations	Private sector	Exports	Income from employment	Companies	Other[2]	Income from self-employment[1]	Other income[3]
	DJBA	DJBE	DIAB	FBBD	FBBE	FBBF	FBBG	FBBH	FBBI	FBBJ	FBBK	FBBL	FBBM	FBBN
1986	326 809	326 789	484 880	49.9	16.4	1.5	1.1	10.6	20.3	64.7	14.1	2.5	9.4†	8.1†
1987	358 598†	358 474†	533 625†	49.7†	16.0	1.3	0.8	11.6	20.2	63.9†	15.4†	1.8	10.8	8.1
1988	397 238	399 613	592 441	50.3	15.5	1.0	0.8	13.3†	18.3	63.8	15.2	1.8	11.1	8.2
1989	434 507	435 756	651 700	50.1	15.2	1.3†	0.8	13.1	19.0†	65.0	13.5	1.5	12.0	8.1
1990	471 352	470 314	692 251	49.9	15.7†	1.7	0.7†	12.6	19.4	67.0	11.6	0.9†	12.4	8.1
													FBBO	
1986 Q4	84 109	84 059	125 740	49.6	16.0	1.4	1.1	10.9	20.4	64.5	14.2	2.3	19.0	
1987 Q1	86 075†	85 657†	127 558†	49.9†	16.1†	1.4	1.0	11.1†	20.8	64.1†	14.2†	1.8	18.8†	
Q2	88 262	88 278	131 145	49.7	16.2	1.3	0.7	11.4	20.1†	63.9	14.9	1.8	18.7	
Q3	91 018	91 100	136 049	49.5	15.9	1.3	0.9	11.8	20.4	63.6	16.5	1.9	18.7	
Q4	93 243	93 439	138 873	49.8	15.8	1.4	0.8	12.2	19.4	63.9	16.1	1.8	19.0	
1988 Q1	95 180	95 664	140 966	50.7	15.9	1.3	0.9	12.5	18.6	64.1	15.5	1.6	19.1	
Q2	97 397	97 979	145 522	50.3	15.6	1.2	0.8	13.4	18.6	64.0	15.1	1.8	19.3	
Q3	100 459	101 101	150 569	50.3	15.2	0.8	0.7	13.7	18.5	63.9	15.2	1.9	19.3	
Q4	104 202	104 869	155 384	49.8	15.3	0.9	0.7	13.6	17.6	63.3	15.0	1.7	19.2	
1989 Q1	106 027	106 493	158 756	49.8	15.1	1.1†	0.7	13.8	18.5	64.1	14.1	1.8	19.7	
Q2	107 644	108 016	161 572	50.3	15.0	1.2	0.9†	13.1	18.7	64.7	13.8	1.4	20.0	
Q3	108 518	108 787	163 773	50.1	15.4	1.4	0.8	12.8	19.2	65.6	13.3	1.5	20.3	
Q4	112 318	112 460	167 599	50.2	15.3	1.6	0.8	12.8	19.5	65.5	12.9	1.3	20.1†	
1990 Q1	114 244	114 320	171 700	50.0	15.1	1.7	0.6	13.2	19.6	66.6	12.7	0.9	20.5	
Q2	117 929	117 484	174 072	49.5	15.8	1.7	0.6	13.0	19.5	66.6	11.6	0.9†	20.4	
Q3	118 424	118 111	172 391	50.2	16.0	1.7	0.7	12.4	19.3	67.6	11.2	1.0	20.5	
Q4	120 755	120 399	174 088	49.8	16.0	1.8	0.7	11.7	19.4	67.3	11.1	0.8	20.4	

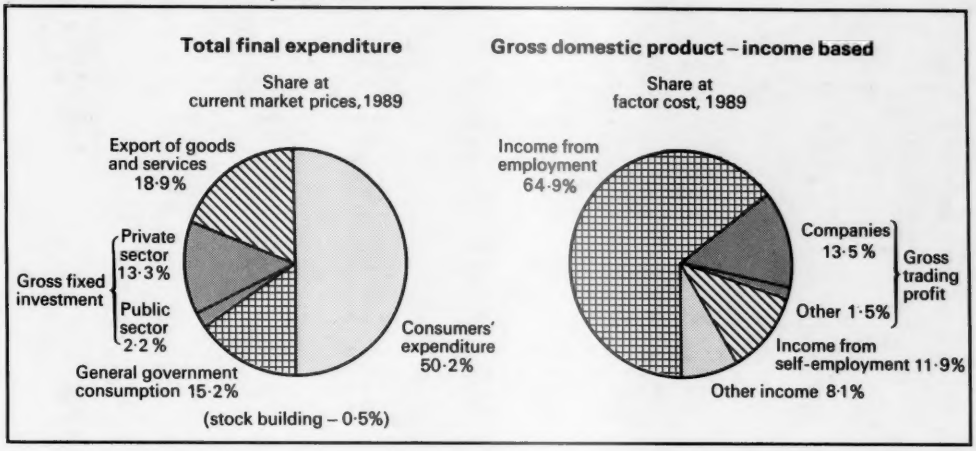
1 After providing for stock appreciation.
2 Gross trading surplus of public corporations and general government enterprises.
3 Rent income, and imputed charge for consumption of non-trading capital.

8 Income, product and spending per head

£

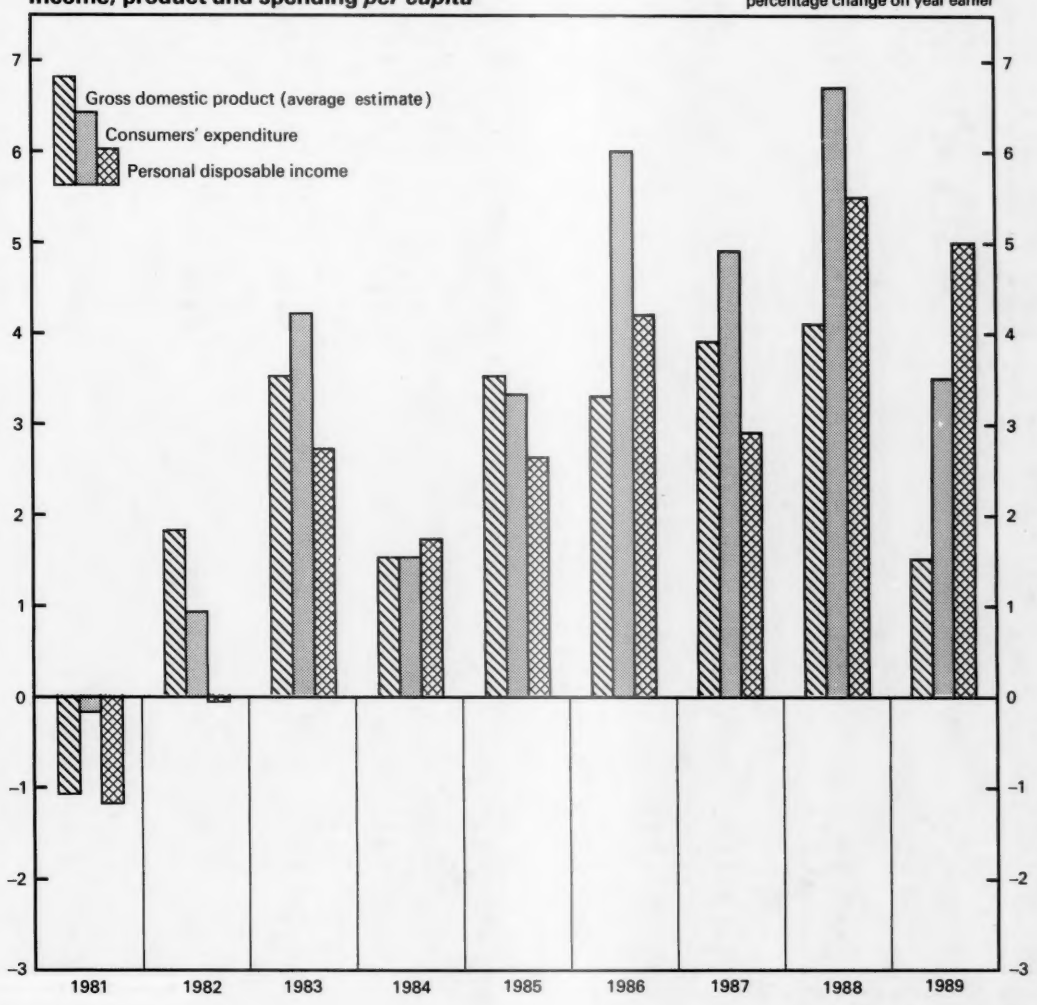
	At current prices				At 1985 prices		
	Average estimate						
	Gross national product at factor cost	Gross domestic product at factor cost	Consumers' expenditure	Personal disposable income	Gross domestic product at factor cost (average estimate)	Consumers' expenditure	Personal disposable income
	CAQA	CAQB	FBCC	FBCD	CAQC	FBCF	FBCH
1986	5 832	5 748	4 261	4 637	5 600	4 081	4 442
1987	6 352†	6 287†	4 661†	4 981†	5 826†	4 278†	4 572†
1988	7 054	6 975	5 218	5 503	6 057	4 561	4 811
1989	7 662	7 595	5 700	6 097	6 136	4 719	5 050
1990	8 267	8 179	5 993	6 552	6 134	4 737	5 180
							CAIU
1986 Q4	1 500	1 477	1 098	1 190	1 420	1 035	1 121
1987 Q1	1 527†	1 508†	1 119	1 199†	1 426†	1 041	1 115†
Q2	1 563	1 548	1 145†	1 235	1 446	1 059	1 142
Q3	1 612	1 596	1 182	1 259	1 472	1 079†	1 150
Q4	1 650	1 635	1 215	1 288	1 482	1 099	1 165
1988 Q1	1 686	1 672	1 253	1 315	1 501	1 121	1 177
Q2	1 733	1 711	1 285	1 365	1 507	1 128	1 199
Q3	1 784	1 764	1 327	1 389	1 522	1 151	1 205
Q4	1 851	1 828	1 353	1 434	1 527	1 161	1 230
1989 Q1	1 879	1 857	1 382	1 467	1 535	1 170	1 242
Q2	1 904	1 883	1 419	1 524	1 528	1 184	1 273
Q3	1 904	1 896	1 432	1 537	1 533	1 177	1 264
Q4	1 975	1 959	1 467	1 569	1 540	1 188	1 271
1990 Q1	1 994	1 983	1 489	1 604	1 544	1 189	1 281
Q2	2 059	2 048	1 497	1 610	1 550	1 200	1 292
Q3	2 080	2 055	1 504	1 654	1 528	1 184	1 302
Q4	2 134	2 093	1 503	1 684	1 512	1 164	1 306

Shares of income and expenditure



Income, product and spending *per capita*

1985 prices
percentage change on year earlier



9 Gross domestic fixed capital formation

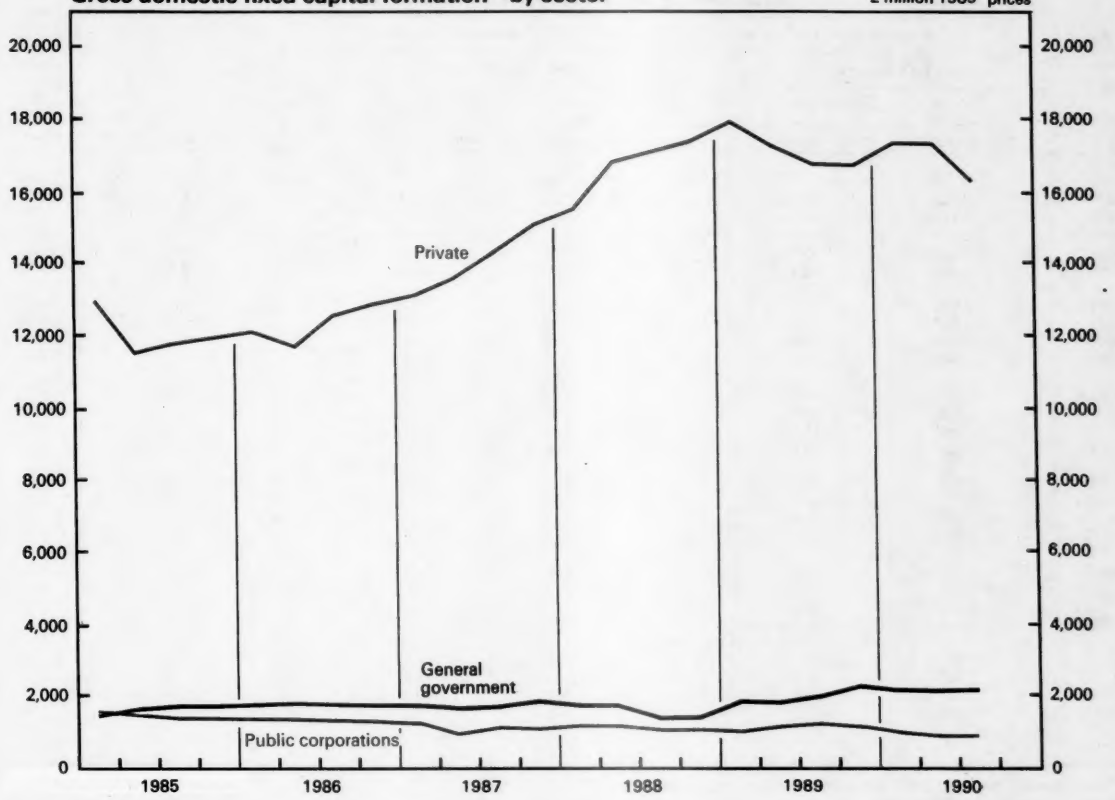
£ million, 1985 prices

	Analysed by sector[1]			Analysed by type of asset							Total gross domestic fixed capital formation+
				Dwellings							
	Private sector	General government	Public corporations	Private	Public	Total	Other new building and works[2]	Vehicles, ships and aircraft	Plant and machinery	National accounts statistical adjustment[3]	
	DFEB	DFED	DFDA	DFEA	DFEC	DFEG	DFCV	DEBP	DEBO	DEGT	DECU
1983	39 085	5 901	8 490	9 323	2 924	12 247	16 651	5 177	19 401	-	53 476
1984	43 849	6 613	7 572	9 725	2 825	12 550	18 156	6 101	21 227	-	58 034
1985	47 999	6 583	5 771	9 318	2 536	11 854	18 190	6 439	23 870	-	60 353
1986	49 100	7 062	5 321	10 269	2 536	12 805	18 893	5 715	24 070	-	61 483
1987	56 198†	7 013†	4 396†	10 964†	2 741	13 705†	21 406†	6 587†	25 909†	-	67 607†
1988	66 489	6 247	4 378	12 095	2 563	14 658	23 854	7 424	30 328	850	77 114
1989	68 178	7 489	4 495	11 241	2 855†	14 096	24 218	8 096	32 952	800	80 162
1984 Q4	11 293	1 658	1 750	2 268	664	2 932	4 598	1 678	5 493	-	14 701
1985 Q1	12 905	1 460	1 529	2 342	647	2 989	4 493	2 091	6 321	-	15 894
Q2	11 451	1 677	1 483	2 312	638	2 950	4 670	1 455	5 536	-	14 611
Q3	11 731	1 735	1 388	2 315	649	2 964	4 523	1 480	5 887	-	14 854
Q4	11 912	1 711	1 371	2 349	602	2 951	4 504	1 413	6 126	-	14 994
1986 Q1	12 077	1 768	1 362	2 318	713	3 031	4 574	1 460	6 142	-	15 207
Q2	11 646	1 792	1 343	2 444	596	3 040	4 602	1 355	5 784	-	14 781
Q3	12 531	1 771	1 322	2 665	585	3 250	4 871	1 433	6 070	-	15 624
Q4	12 846	1 731	1 294	2 842	642	3 484	4 846	1 467	6 074	-	15 871
1987 Q1	13 105†	1 729†	1 195†	2 916†	636†	3 552†	5 052†	1 426†	5 999†	-	16 029†
Q2	13 677	1 671	923	2 531	684	3 215	5 029	1 608	6 419	-	16 271
Q3	14 324	1 737	1 159	2 869	684	3 553	5 440	1 732	6 495	-	17 220
Q4	15 092	1 876	1 119	2 648	737	3 385	5 885	1 821	6 996	-	18 087
1988 Q1	15 432	1 753	1 158	2 749	696	3 445	5 792	1 753	7 133	220	18 343
Q2	16 739	1 700	1 116	3 238	654	3 892	6 143	1 891	7 419	210	19 555
Q3	16 991	1 398	1 036	3 117	628	3 745	5 906	1 871	7 693	210	19 425
Q4	17 327	1 396	1 068	2 991	585	3 576	6 013	1 909	8 083	210	19 791
1989 Q1	17 869	1 722	1 038	3 412	635	4 047	6 158	1 987	8 227	210	20 629
Q2	17 034	1 732	1 165	2 604	678	3 282	5 877	1 996	8 576	200	19 931
Q3	16 576	1 887	1 158	2 601	696	3 297	5 933	2 091	8 100	200	19 621
Q4	16 699	2 148	1 134	2 624	846	3 470	6 250	2 022	8 049	190	19 981
1990 Q1	17 302	2 308	877	2 363	950	3 313	6 401	2 073	8 510	190	20 487
Q2	17 226	2 183	876	2 667	674	3 341	6 450	1 984	8 320	190	20 285
Q3	16 000	2 237	951	2 429	637	3 066	6 360	1 732	7 850	180	19 188
Q4	15 276	2 403	1 030	2 236	766	3 002	6 425	1 604	7 488	190†	18 709
Percentage change, quarter on corresponding quarter of previous year											
1984 Q4	*10.7*	*5.1*	*-18.6*	*-6.6*	*-11.2*	*-7.7*	*5.7*	*19.4*	*9.9*		*5.5*
1985 Q1	*20.4*	*-9.0*	*-25.0*	*-12.4*	*-7.8*	*-11.4*	*1.1*	*36.6*	*26.1*		*10.7*
Q2	*5.1*	*1.9*	*-21.5*	*-5.3*	*-13.4*	*-7.2*	*1.5*	*8.0*	*4.2*		*1.2*
Q3	*7.2*	*1.8*	*-26.6*	*-1.2*	*-10.1*	*-3.3*	*0.2*	*-4.2*	*8.8*		*2.2*
Q4	*5.5*	*3.2*	*-21.7*	*3.6*	*-9.3*	*0.6*	*-2.0*	*-15.8*	*11.5*		*2.0*
1986 Q1	*-6.4*	*21.1*	*-10.9*	*-1.0*	*10.2*	*1.4*	*1.8*	*-30.2*	*-2.8*		*-4.3*
Q2	*1.7*	*6.9*	*-9.4*	*5.7*	*-6.6*	*3.1*	*-1.5*	*-6.9*	*4.5*		*1.2*
Q3	*6.8*	*2.1*	*-4.8*	*15.1*	*-9.9*	*9.6*	*7.7*	*-3.2*	*3.1*		*5.2*
Q4	*7.8*	*1.2*	*-5.6*	*21.0*	*6.6*	*18.1*	*7.6*	*3.8*	*-0.8*		*5.8*
1987 Q1	*8.5*†	*-2.2*†	*-12.3*†	*25.8*†	*-10.8*†	*17.2*†	*10.5*†	*-2.3*†	*-2.3*†		*5.4*†
Q2	*17.4*	*-6.8*	*-31.3*	*3.6*	*14.8*	*5.8*	*9.3*	*18.7*	*11.0*		*10.1*
Q3	*14.3*	*-1.9*	*-12.3*	*7.7*	*16.9*	*9.3*	*11.7*	*20.9*	*7.0*		*10.2*
Q4	*17.5*	*8.4*	*-13.5*	*-6.8*	*14.8*	*-2.8*	*21.4*	*24.1*	*15.2*		*14.0*
1988 Q1	*17.8*	*1.4*	*-3.1*	*-5.7*	*9.4*	*-3.0*	*14.6*	*22.9*	*18.9*		*14.4*
Q2	*22.4*	*1.7*	*20.9*	*27.9*	*-4.4*	*21.1*	*22.2*	*17.6*	*15.6*		*20.2*
Q3	*18.6*	*-19.5*	*-10.6*	*8.6*	*-8.2*	*5.4*	*8.6*	*8.0*	*18.4*		*12.8*
Q4	*14.8*	*-25.6*	*-4.6*	*13.0*	*-20.6*	*5.6*	*2.2*	*4.8*	*15.5*		*9.4*
1989 Q1	*15.8*	*-1.8*	*-10.4*	*24.1*	*-8.8*	*17.5*	*6.3*	*13.3*	*15.3*		*12.5*
Q2	*1.8*	*1.9*	*4.4*	*-19.6*	*3.7*	*-15.7*	*-4.3*	*5.6*	*15.6*		*1.9*
Q3	*-2.4*	*35.0*	*11.8*	*-16.6*	*10.8*	*-12.0*	*0.5*	*11.8*	*5.3*		*1.0*
Q4	*-3.6*	*53.9*	*6.2*	*-12.3*	*44.6*	*-3.0*	*3.9*	*5.9*	*-0.4*		*1.0*
1990 Q1	*-3.2*	*34.0*	*-15.5*	*-30.7*	*49.6*	*-18.1*	*3.9*	*4.3*	*3.4*		*-0.7*
Q2	*1.1*	*26.0*	*-24.8*	*2.4*	*-0.6*	*1.8*	*9.7*	*-0.6*	*-3.0*		*1.8*
Q3	*-3.5*	*18.5*	*-17.9*	*-6.6*	*-8.5*	*-7.0*	*7.2*	*-17.2*	*-3.1*		*-2.2*
Q4	*-8.5*	*11.9*	*-9.2*	*-14.8*	*-9.5*	*-13.5*	*2.8*	*-20.7*	*-7.0*		*-6.4*

1 Including purchases *less* sales of land and existing buildings.
2 Including transfer costs of land and buildings.
3 For explanation of adjustment see notes section in the UK National Accounts article in this issue.

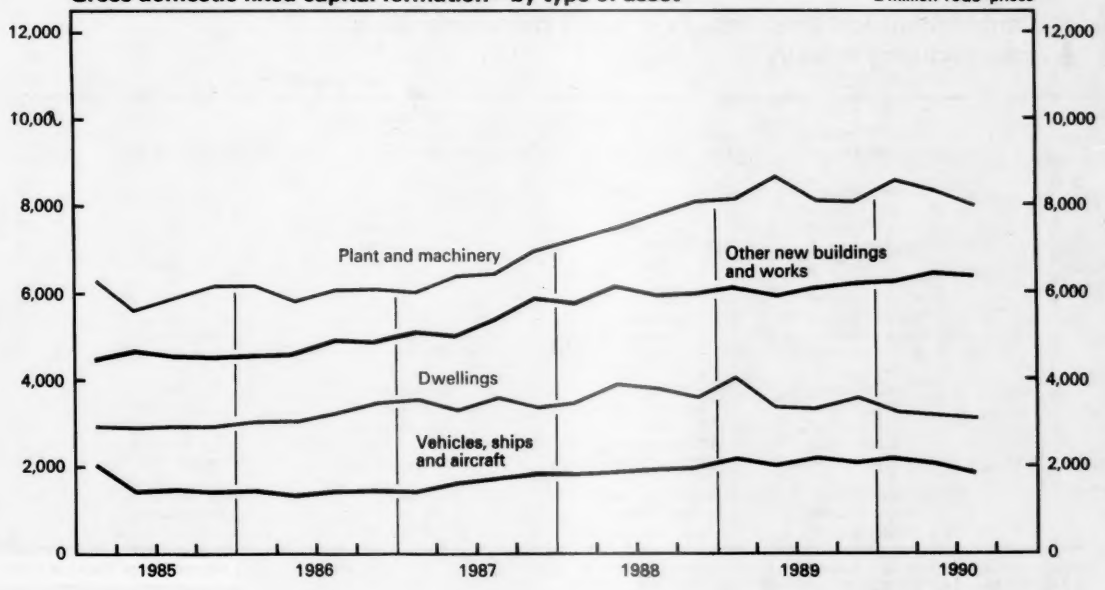
Gross domestic fixed capital formation—by sector

£ million 1985 prices



Gross domestic fixed capital formation—by type of asset

£ million 1985 prices



10 Indicators of fixed investment by manufacturing industry

	Gross fixed investment by manufacturing industry (excluding leased assets)							
	Plant and machinery			New building and works				
	Gross fixed investment		CBI Intentions Inquiry: balance[1] (NSA)	Gross fixed investment		CBI Intentions Inquiry: balance[1] (NSA)	Total+ (£ million, 1985 prices)	New orders received by contractors for private industrial work(GB) (£ million, 1985 prices)
	Total (£ million, 1985 prices)	Change on year earlier (percentage)		Total (£ million, 1985 prices)	Change on year earlier (percentage)			
	DFQP		FBAD	DFQQ		FBAG	DECV	DPBT
1982	5 062	*-2.0*	..	714	*-14.4*	..	6 360	1 455
1983	5 196	*2.6*	..	634	*-11.2*	..	6 422	1 723
1984	6 231	*19.9*	..	929	*46.5*	..	7 805	2 426
1985	7 029	*12.8*	..	1 110	*19.5*	..	8 735	2 149
1986	6 982	*-0.7*	..	1 004	*-9.5*	..	8 547	2 088
1987	7 546†	*8.1†*	..	1 139†	*13.4†*	..	9 244†	3 463[2]
1988	8 555	*13.4*	..	1 352	*18.7*	..	10 391	2 654
1989	9 070	*6.0*	..	1 286	*-4.9*	..	10 802	2 630
1990	8 949	*-1.3*	..	1 319	*2.6*	..	10 678	3 037†
1987 Q1	1 720†	*-8.2†*	*10*	250†	*7.3†*	*-10*	2 110†	637
Q2	1 828	*11.8*	*13*	298	*48.3*	*-3*	2 274	578
Q3	1 944	*11.0*	*20*	297	*14.2*	*1*	2 379	1 722[2]
Q4	2 054	*19.2*	*17*	294	*-5.2*	*-3*	2 481	526
1988 Q1	2 058	*19.7*	*20*	315	*26.0*	*1*	2 505	664
Q2	2 175	*19.0*	*32*	355	*19.1*	*6*	2 647	626
Q3	2 244	*15.4*	*19*	351	*18.2*	*-6*	2 706	631
Q4	2 078	*1.2*	*21*	331	*12.6*	*-4*	2 533	733
1989 Q1	2 137	*3.8*	*21*	293	*-7.0*	*-9*	2 545	608
Q2	2 287	*5.1*	*18*	333	*-6.2*	*-1*	2 732	660
Q3	2 246	*0.1*	*3*	323	*-8.0*	*-7*	2 680	715
Q4	2 400	*15.5*	*-3*	337	*1.8*	*-10*	2 845	647
1990 Q1	2 395	*12.1*	*-8*	343	*17.1*	*-23*	2 849	739
Q2	2 281	*-0.3*	*-8*	320	*-3.9*	*-23*	2 702	823
Q3	2 197	*-2.2*	*-7*	292	*-9.6*	*-22*	2 593	752
Q4	2 076	*-13.5*	*-15*	364	*8.0*	*-26*	2 534	723†
1991 Q1	..	..	*-31*	..	..	*-33*	..	..

1 Percentage of firms expecting to authorise more in next 12 months *less* percentage expecting to authorise less.
2 Includes the Channel Tunnel project.

Confederation of British Industry; Department of the Environment

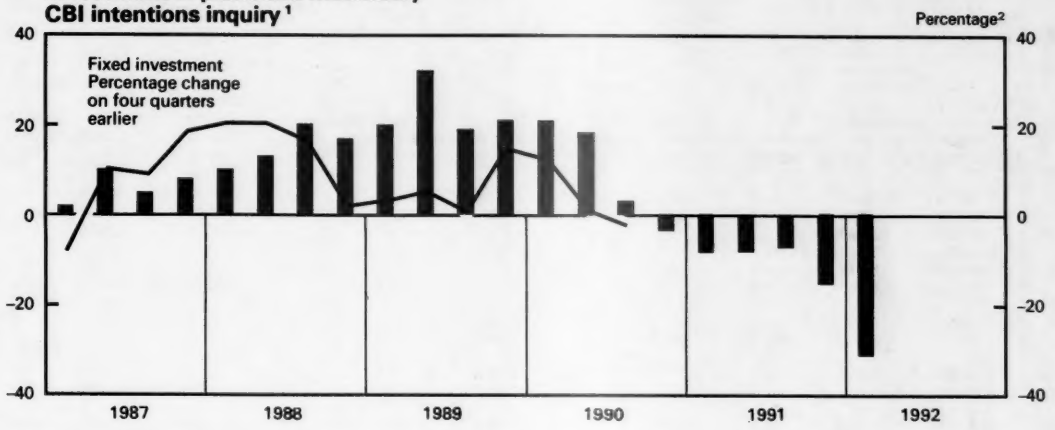
11 Central Statistical Office inquiry into investment intentions: manufacturing industry[1]

Percentage change over previous year, in volume terms

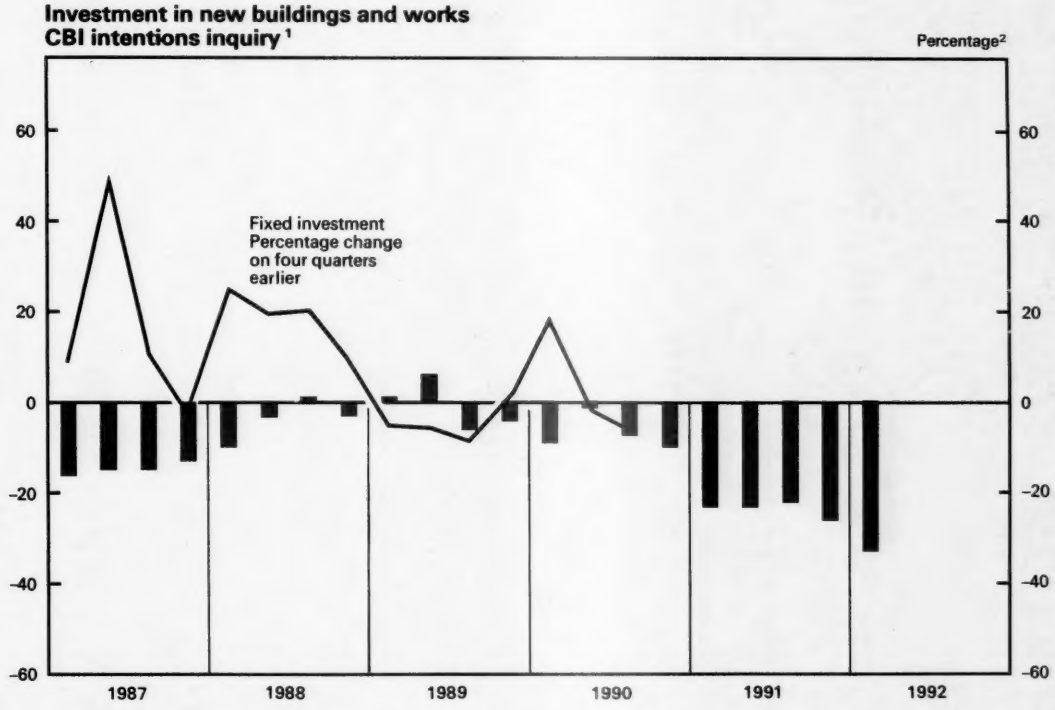
	Gross fixed investment (excluding leased assets)				
	First December forecast	First June forecast	Second December forecast	Second June forecast	Actual
1976	Further reduction	Little change		About -6	-5
1977	Large increase	Of order of +15	+10 to +15	+6 to + 10	+5
1978	Strong increase	+20 or more	+10 to +13	+10 to +13	+7
1979	Rise, less than +8	Rise, less than +8	+4 to +8	+2 to +5	+4
1980	Slight fall	Slight fall	-6 to -10	-8 to -12	-14
1981	Further fall	Fall of up to 8 to 12	-15 to -20	-15 to -18	-25
1982	Some recovery	Some recovery	-1 to -3	-3 to -5	-3
1983	Appreciable increase	Rise, around 5	Fall, up to 5	Fall, around 4	+1
1984	No recovery	Slow growth	Rise, around 10	About +12	+22
1985	Little change	Rise, around 6	About +7	Around +9	+12
1986	Slight fall	Slight fall	Rise, around 4	About +6	-2
1987	Little change	Small increase	Rise, around 3	About +6	+7
1988	Further rise	Further increase	Rise, around 12	Rise, around 15	+12
1989	Smaller increase	Smaller increase	Rise, around 11	Rise, around 14	+3
1990	Smaller increase	Smaller increase	Rise, around 1	Rise, around 1	
1991	Larger increase	Larger increase	Fall, around 9		

1 The figures in this table relate to manufacturing industry defined as Orders III to XIX, Standard Industrial Classification (1968) for 1983 and earlier years, and as Divisions 2 to 4, Standard Industrial Classification (1980) for 1984 onwards.

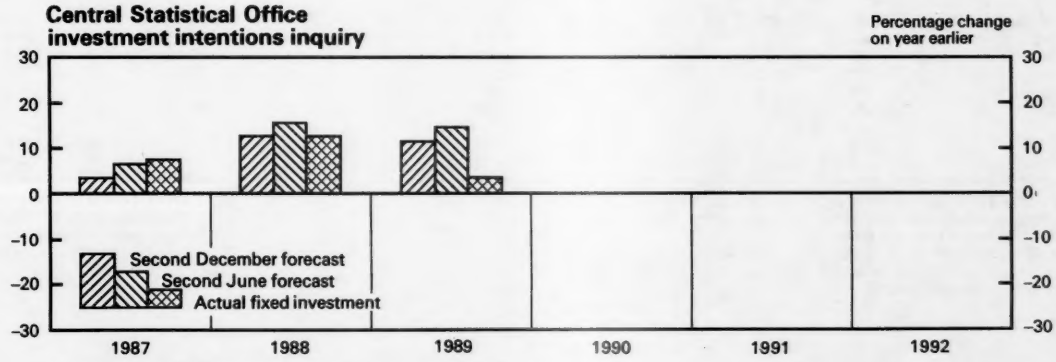
Investment in plant and machinery
CBI intentions inquiry [1]



Investment in new buildings and works
CBI intentions inquiry [1]



Central Statistical Office
investment intentions inquiry



[1]The results of the CBI intentions inquiry have been moved forward one year for direct comparison with the percentage change in fixed investment

[2]Percentage of firms expecting to authorise more in next 12 months *less* percentage expecting to authorise less

12 Indicators of fixed investment in dwellings

			Housing starts (GB)+			Housing completions (GB)+			Building societies		
	Fixed investment in dwellings (£ million, 1985 prices)	Orders received by contractors for new houses (GB) (£ million, 1985 prices)	Private enterprise (thousands)	Housing associations (thousands)	Local authorities new towns and government departments (thousands)	Private enterprise (thousands)	Housing associations (thousands)	Local authorities new towns and government departments (thousands)	Commitments on new dwellings (£ million, current prices)	Advances on new dwellings (£ million, current prices)	Average price of new dwellings: mortgages approved[1,2] (NSA)
	DFEG	FCAS	FCAT	CTOQ	CTOU	FCAV	CTOS	CTOW	AHLO	AHLS	FCAY
1984	12 550	4 293	158.3	12.6	27.3	159.1	16.6	33.9	2 980	2 900	34 160
1985	11 854	5 290	165.7	12.5	21.9	156.4	13.1	27.2	2 963	2 900	37 304
1986	12 805	5 642	180.6	12.9	20.4	169.8	12.5	22.8	3 626	3 517	43 647
1987	13 705†	6 010	194.5	12.4	20.0	179.4	12.0	20.0	3 702	3 488	51 290
1988	14 658	6 143	219.8	13.8	16.6	193.5	11.9	19.7	4 831	4 696	64 615
1989	14 096	4 689	168.4	13.7	14.3	173.4	11.9	16.5	..	..	74 976†
1990	12 722	3 338†	132.9†	16.5†	8.7†	153.2†	14.5†	16.3	..	..	78 917
1985 Q3	2 964	1 347	42.7	2.8	5.9	38.5	3.1	6.4	741	691	37 625
Q4	2 951	1 439	43.9	3.3	5.4	39.3	3.0	5.8	850	777	39 458
1986 Q1	3 031	1 290	41.6	3.3	4.7	39.6	3.3	5.9	819	802	40 470
Q2	3 040	1 460	44.8	3.4	4.6	41.1	3.2	5.9	972	869	43 443
Q3	3 250	1 441	47.8	3.2	5.7	42.9	2.8	5.2	962	920	45 065
Q4	3 484	1 450	46.5	3.2	5.2	46.1	3.2	5.8	873	927	45 749
1987 Q1	3 552†	1 537	46.9	2.5	5.2	43.1	2.5	5.0	839	852	47 460
Q2	3 215	1 448	46.5	3.4	5.4	45.3	3.4	5.0	820	831	49 604
Q3	3 553	1 501	50.5	3.4	4.6	45.5	3.3	4.9	950	871	52 428
Q4	3 385	1 525	50.6	3.2	4.7	45.4	2.8	5.2	1 093	935	55 474
1988 Q1	3 445	1 557	53.5	3.2	4.4	48.6	3.0	4.9	1 305	1 119	60 395
Q2	3 892	1 472	55.6	3.0	4.3	48.2	2.9	5.5	1 306	1 197	63 342
Q3	3 745	1 523	53.1	3.9	3.9	50.4	2.9	5.0	1 190	1 276	67 425
Q4	3 576	1 592	57.6	3.7	4.0	46.3	3.1	4.3	1 031	1 104	69 342
1989 Q1	4 047	1 370	49.5	4.2	3.5	46.6	3.4	4.5	990	1 017	71 828
Q2	3 282	1 202	44.4	3.5	3.8	43.5	2.6	4.0	1 147	1 079	75 213
Q3	3 297	1 024	38.9	2.8	4.0	42.5	3.1	4.2	1 140	993	75 993
Q4	3 470	1 093	35.6	3.2	3.0	40.8	2.8	3.8	1 204	1 132	76 308
1990 Q1	3 313	998	35.8†	4.0	2.9	38.4	2.8	4.6	1 035	1 054	78 536
Q2	3 341	849	32.0	4.2	2.3	37.6	3.5	4.0	837	910	79 558
Q3	3 066	784	32.1	4.5	2.0†	38.8†	3.8	4.5	899	887	79 777†
Q4	3 002	706†	33.0	3.8†	1.5	38.4	4.4†	3.2	1 131	923	77 886
1989 Apr	..	444†	15.4	1.1	1.2	15.1	0.8	1.4	400	357	74 761
May	..	381	14.8	1.2	1.4	14.6	0.7	1.4	370	375	74 671
Jun	..	377	14.2	1.2	1.2	13.8	1.1	1.2	377	347	76 201
Jul	..	335	13.2	1.0	1.8	14.7	0.9	1.4	330	310	76 729
Aug	..	341	13.0	0.9	1.2	13.3	1.2	1.2	387	326	75 714
Sep	..	348	12.7	0.9	1.0	14.5	1.0	1.6	423	357	75 639
Oct	..	364	13.3	1.2	1.0	14.1	0.9	1.1	404	359	75 023
Nov	..	367	11.6	1.0	1.0	14.0	1.0	1.1	402	379	75 785
Dec	..	362	10.7	1.0	1.0	12.7	0.9	1.6	398	394	78 844
1990 Jan	..	364	12.0	1.4	1.0	13.1	1.1	1.5	377	366	78 632
Feb	..	318	11.3†	1.1	0.9	12.2	0.9	1.3	353	353	78 805
Mar	..	316	12.5	1.5	1.0	13.1	0.8	1.8	305	335	78 225
Apr	..	288	11.4	1.4	0.8	12.3	1.1	1.3	284	324	79 764
May	..	276	10.1	1.6	0.7	12.3	1.0	1.4	284	295	79 745
Jun	..	285	10.5	1.2	0.8	13.0	1.4	1.3	269	291	79 176
Jul	..	271	10.2	1.3	0.8†	12.5	1.3	1.3	298	325	80 404
Aug	..	276	11.3	1.7	0.8	13.5	1.5	1.6	308	284	80 127
Sep	..	237	10.6	1.5	0.4	12.8†	1.0	1.6	293	278	78 651
Oct	..	233	11.9	1.3	0.5	13.3	1.8	1.1	362	300	76 359
Nov	..	209	10.6	1.1†	0.5	13.3	1.3†	1.1	379	311	77 094
Dec	..	264	10.5	1.4	0.5	11.8	1.3	1.0	390	312	81 060
1991 Jan	..	296	11.3	0.8	0.5	11.8	1.3	1.2†	347†	339†	75 031†
Feb	..	..	..	..	..	..	..	..	..	..	74 716

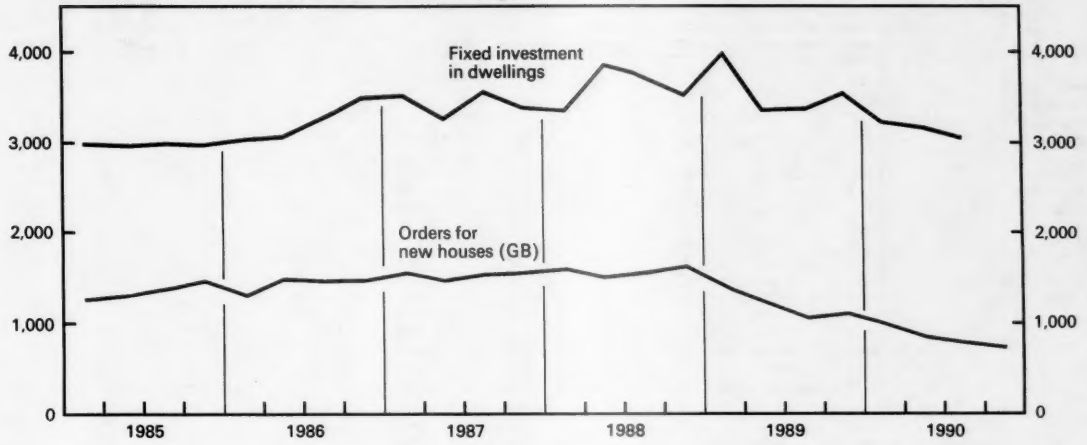
1 Mortgages with building societies by private owners. The series covers only dwellings on which building societies have approved mortgages during the period. The cost of land is included.

2 The Abbey National ceased to operate as a building society in July 1989, but to ensure continuity in the data its results are included in the building society sector whenever possible.

Department of the Environment; Scottish Development Department; Building Societies Association

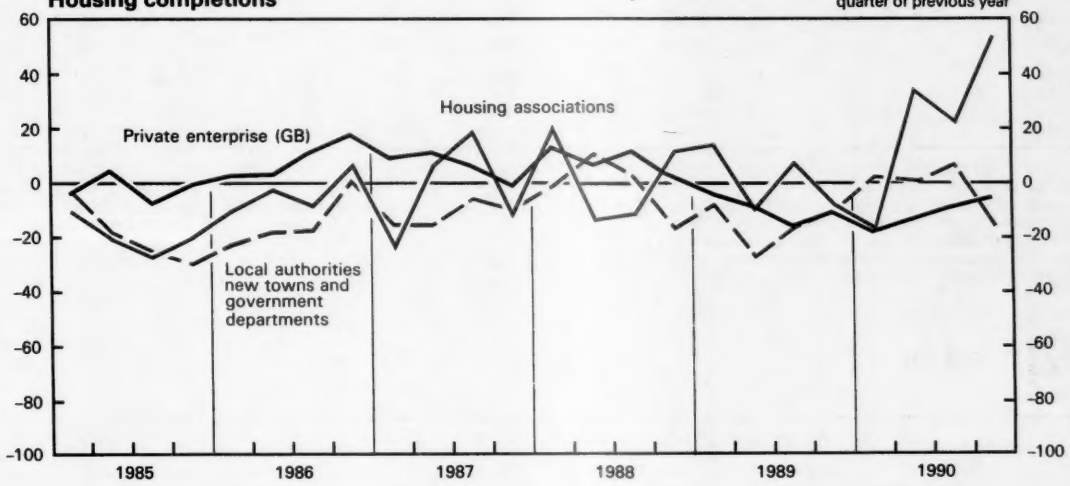
Indicators of fixed investment in dwellings

£ million 1985 prices



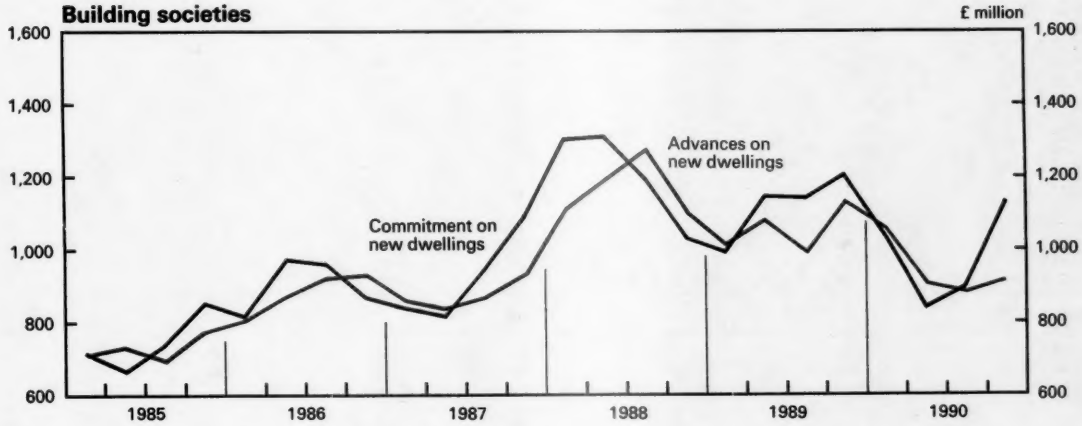
Housing completions

Percentage change, quarter on corresponding quarter of previous year



Building societies

£ million



13 Stock changes

£ million, 1985 prices

	Energy and water supply	Manufacturing+ Materials and fuels	Work in progress	Finished goods	Total	Distribution Wholesale[1]	Retail[2]	Other industries[3]	National accounts statistical adjustments[4]	All industries+
Value of stocks and work in progress end-December 1989[4]	6 229	13 268	15 700	13 337	42 306	15 060	11 998	22 650	2100	100 343
	DHBQ	DGAX	DGAY	DGAW	DHBM	DHBO	DHBN	DHBR	DHNJ	DGBA
1985 Q3	-10	189	-11	-60	118	-83	121	283	-510	-81
Q4	214	-111	-378	-144	-633	-95	22	415	330	253
1986 Q1	-36	-29	-152	-77	-259	419	200	155	-910	-431
Q2	-211	114	73	41	228	-157	186	22	-110	-42
Q3	-76	-65	-57	-37	-159	-229	131	163	710	540
Q4	107	-126	13	-101	-213	232	192	57	310	685
1987 Q1	-167	-39	-110	-74	-223	252	140	-31	-390†	-419†
Q2	-59	-11	-36	-107	-153	31	216	312	240	587
Q3	21	85	281	17	383	280	379	266	-800	529
Q4	1	68	-355	56	-228	-28	-13	-212	950	470
1988 Q1	-84	98	-13	26	110	146	259†	300	-490	241
Q2	-66	169	64	193	425	189	95	176	-950	-131
Q3	-27	-72	-71	-11	-154	449	46	-84	900	1 130
Q4	68	120	165	219	506	60	327	585	940	2 486
1989 Q1	343	50	10	188	249	77	-132	419	410	1 366
Q2	-126	32	-46	123	109	-107	224	67	650	817
Q3	172	94	115	95	303	107	-38	-227	500	817
Q4	44	-154	-409	-185	-748	-67	-37	814	-760	-754
1990 Q1	-131†	-164†	236†	-181†	-109†	45†	-5	-25†	-30	-255
Q2	-270	22	-195	-28	-202	-250	-43	211	140	-414
Q3	271	-25	-156	318	137	-185	137	142	-430	72
Q4	-347	-155	-426	-503	-1 083	-238	228	240	1 120	-80

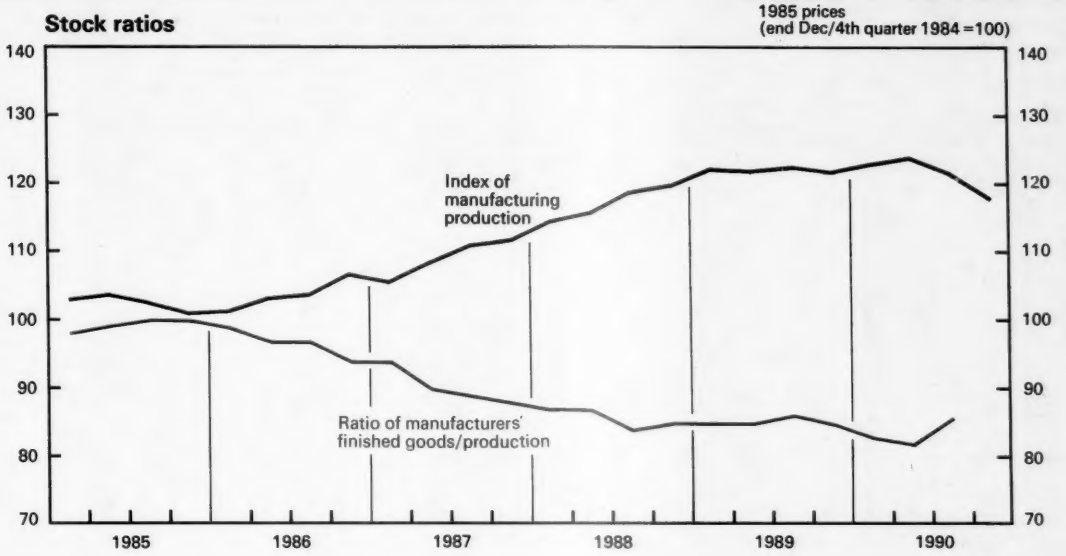
1 Classes 61-63 excluding activity heading 6148; wholesale distribution of motor vehicles and parts.
2 Classes 64-65 excluding activity headings 6510 and 6520; retail distribution of motor vehicles and parts, and filling stations.
3 First and second quarter 1989 estimates include adjustments (+ £300m and - £300m respectively) to offset distortion to total stocks estimates otherwise caused by Easter falling in March that year.
4 For explanation of adjustments see notes section in the UK National Accounts article in this issue.
5 Stock levels at 1985 prices, not seasonally adjusted.

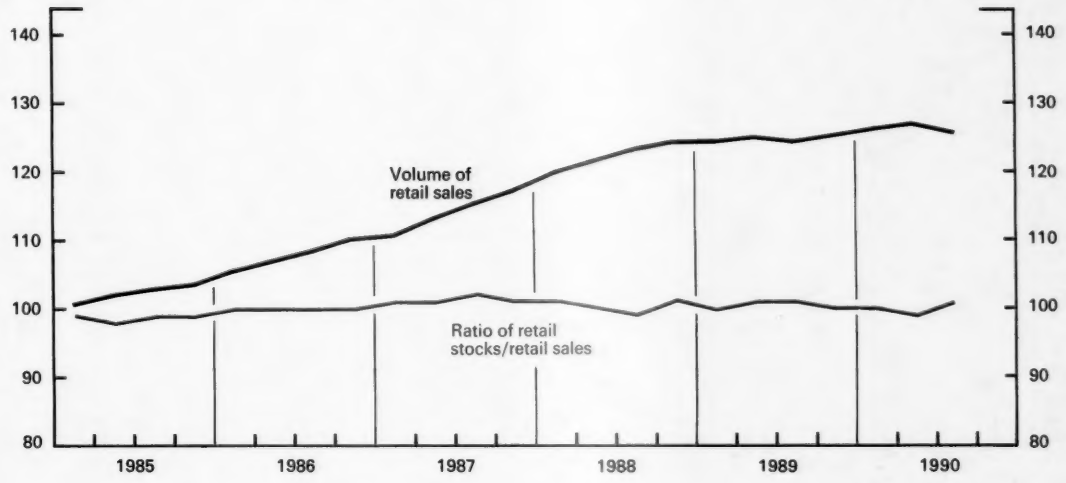
14 Stock ratios

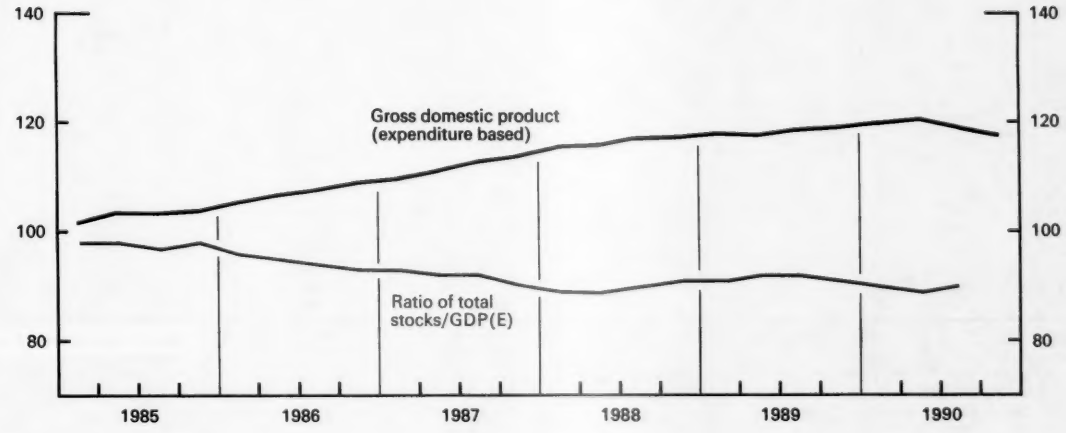
	Manufacturers' stocks[1] to manufacturing production Materials and fuel	Work in progress	Finished goods	Total stocks	Retail stocks[1] to retail sales[2,3]	Total stocks[1,4] to gross domestic product (expenditure-based)[2]
	FDCC	FDCD	FDCE	FDCB	FDCF	FDCA
1985 Q4	101	96	100	99	99	98
1986 Q1	100	94	99	97	100	96
Q2	99	93	97	96	100	95
Q3	98	92	97	95	100	94
Q4	94	90	94	92	100	93
1987 Q1	95	90	93†	92	101	93
Q2	92	87	90	90	101	92
Q3	91	87	88	88†	102	92
Q4	91	84	88	87	101	91†
1988 Q1	89	82	87	86	101	89
Q2	89	82	87	86	100	89
Q3	87	79	84	83	99	90
Q4	86	79	85	83	101	91
1989 Q1	85	78	85	82	100	91
Q2	86†	78	86	82	101	92
Q3	86	78	86	83	101	92
Q4	85	77	85	82	100	91
1990 Q1	84	77	83	81	100	90
Q2	83	75	83	80	99	90
Q3	84	76	86	82	101	91
Q4	86	76†	85	82	104†	91

1 Measured at 1985 prices; end-December 1984=100.
2 Measured at 1985 prices; 4th quarter 1984=100.
3 Classes 64-65 excluding activity headings 6510 and 6520, retail distribution of motor vehicles and parts, and filling stations.
4 Including national accounts statistical adjustments. For details of adjustments see notes section in the UK National Accounts article in this issue.

Stock ratios







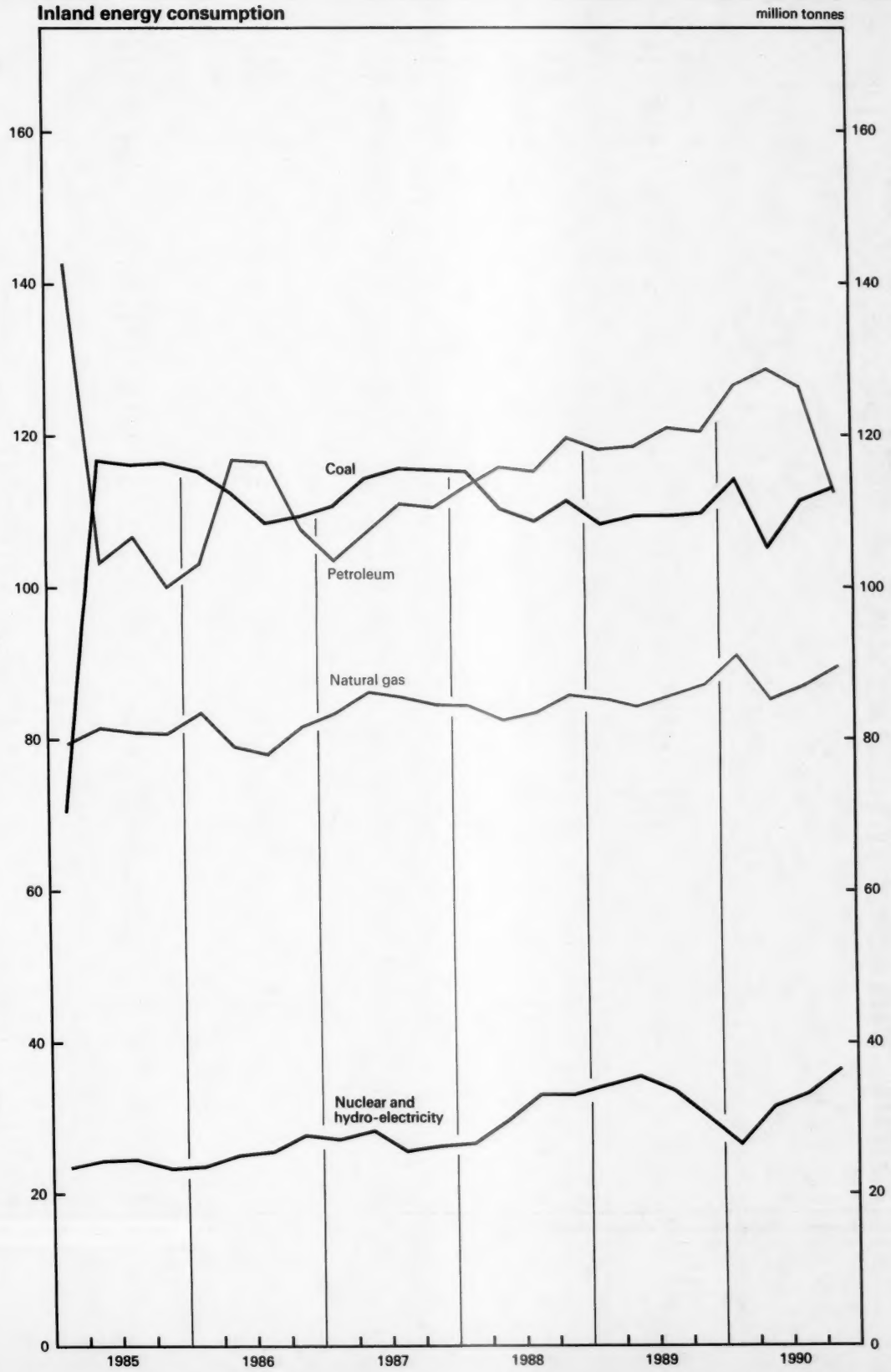
15 Inland energy consumption

Annual rates, temperature corrected

	Primary fuel input (million tonnes of coal or coal equivalent)						
				Primary electricity (not temperature corrected)			
	Coal[1]	Petroleum	Natural gas (excl. flared or re-injected)	Nuclear	Hydro[2] (NSA)	Net imports (NSA)	Total
	FDAI	FDAJ	FDAK	FDAL	FDAM	FDAW	FDAH
1981	117.5	110.2	71.6	13.7	2.3	-	315.3
1982	109.6	110.8	72.9	16.0	2.4	-	311.7
1983	111.6	105.9	75.6	18.1	2.4	-	313.6
1984	78.5	134.7	77.3	19.5	2.1	-	312.1
1985	103.6	113.2	81.2	22.1	2.1	-	322.3
1986	110.6	110.6	81.6	21.3	2.4	1.7	328.3
1987	114.3	108.0	84.4	19.8	2.1	4.8	333.3
1988	112.0	116.2	84.5	22.9	2.4	5.2	343.3
1989	109.2	119.6	85.4	26.1	2.3	5.2	347.8
1990	110.9	123.5	88.1	24.4	2.6	4.9	354.3
1985 Q3	116.1	106.6	80.9	22.3	2.1	-	329.0
Q4	116.3	100.0	80.9	21.0	2.2	-	320.3
1986 Q1	115.4	103.0	83.3	21.0	2.2	0.2	324.9
Q2	112.3	116.9	79.0	21.2	2.2	1.6	333.3
Q3	108.7	116.6	78.0	21.8	2.4	1.3	328.1
Q4	109.3	107.8	81.7	21.6	2.3	3.9	326.6
1987 Q1	110.8	103.6	83.3	21.1	2.3	3.7	324.7
Q2	114.5	107.2	86.0	20.6	2.2	5.4	336.0
Q3	115.8	111.0	85.4	18.7	2.2	4.7	337.8
Q4	115.4	110.7	84.3	18.8	2.2	5.2	336.5
1988 Q1	115.2	113.4	84.2	19.2	2.3	5.1	339.4
Q2	110.2	115.9	82.4	21.8	2.3	5.6	338.3
Q3	108.8	115.1	83.4	24.9	2.4	5.7	340.4
Q4	111.2	119.8	85.8	26.0	2.5	4.5	349.7
1989 Q1	108.3	118.1	85.2	26.6	2.4	5.2	345.8
Q2	109.3	118.7	84.1	26.4	2.6	6.5	347.6
Q3	109.5	121.0	85.5	25.3	2.5	5.8	349.6
Q4	109.8	120.6	87.0	24.2	2.4	3.5	349.4
1990 Q1	114.1	126.7	91.0	24.0	2.4	-	358.1
Q2	105.2	128.8	85.2	23.0	2.6	5.8	350.4
Q3	111.6	126.4	86.9	23.8	2.6	6.7	358.0
Q4	113.0	112.1	89.3	26.7	2.6	7.0	350.8
Percentage change, quarter on corresponding quarter of previous year							
	FDAP	FDAQ	FDAR	FDAS	FDAT	FDAX	FDAO
1985 Q3	*90.7*	*-30.3*	*6.4*	*14.2*	*-6.8*	-	*5.6*
Q4	*90.5*	*-33.3*	*2.9*	*4.7*	*5.8*	-	*2.8*
1986 Q1	*62.9*	*-28.0*	*4.9*	*-10.0*	*6.8*	+	*2.0*
Q2	*-3.8*	*13.4*	*-3.1*	*-5.2*	*14.4*	+	*2.3*
Q3	*-6.4*	*9.4*	*-3.6*	*-1.9*	*14.6*	+	*-0.3*
Q4	*-8.1*	*7.8*	*1.1*	*2.5*	*6.0*	+	*2.0*
1987 Q1	*-4.0*	*0.6*	-	*0.7*	*2.7*	+	*-0.1*
Q2	*2.0*	*-8.4*	*8.9*	*-2.7*	*-0.2*	+	*0.8*
Q3	*6.5*	*-4.8*	*9.5*	*-14.2*	*-5.9*	+	*3.0*
Q4	*5.6*	*2.7*	*4.7*	*-12.9*	*-7.4*	*32.9*	*3.0*
1988 Q1	*3.9*	*9.5*	*1.2*	*-8.9*	*0.9*	*33.8*	*4.5*
Q2	*-3.8*	*8.2*	*-4.2*	*5.8*	*3.6*	*3.7*	*0.7*
Q3	*-6.0*	*3.6*	*-2.3*	*33.1*	*6.8*	*23.1*	*0.8*
Q4	*-3.7*	*8.2*	*1.4*	*37.7*	*14.5*	*-12.3*	*3.8*
1989 Q1	*-5.9*	*4.2*	*1.1*	*38.4*	*4.4*	*1.4*	*1.9*
Q2	*-0.8*	*2.4*	*1.2*	*21.1*	*10.7*	*15.2*	*2.8*
Q3	*0.6*	*5.2*	*2.4*	*3.2*	*5.9*	*0.9*	*2.7*
Q4	*-1.2*	*0.7*	*1.5*	*0.3*	*-0.8*	*-23.8*	-
1990 Q1	*5.3*	*7.3*	*6.8*	*-9.8*	*-0.3*	*-99.9*	*3.6*
Q2	*-3.8*	*8.4*	*1.2*	*-12.9*	*-0.4*	*-11.2*	*0.8*
Q3	*1.9*	*4.4*	*1.7*	*-5.9*	*2.4*	*15.5*	*2.4*
Q4	*2.8*	*-7.0*	*2.6*	*2.7*	*5.7*	..	*0.3*

1 Annual data includes adjustment for net foreign trade and stock change in other solid fuels.

2 Quarterly data from Q1 1985 onwards are the estimated annual outturn. Comparisons with 1984 are based on corresponding estimated outturns in that year, not the data shown in the table.


Inland energy consumption
million tonnes
160
140
120
100
80
60
40
20
0
Coal
Petroleum
Natural gas
Nuclear and
hydro-electricity
1985
1986
1987
1988
1989
1990

16 Index of output of the production industries[1]

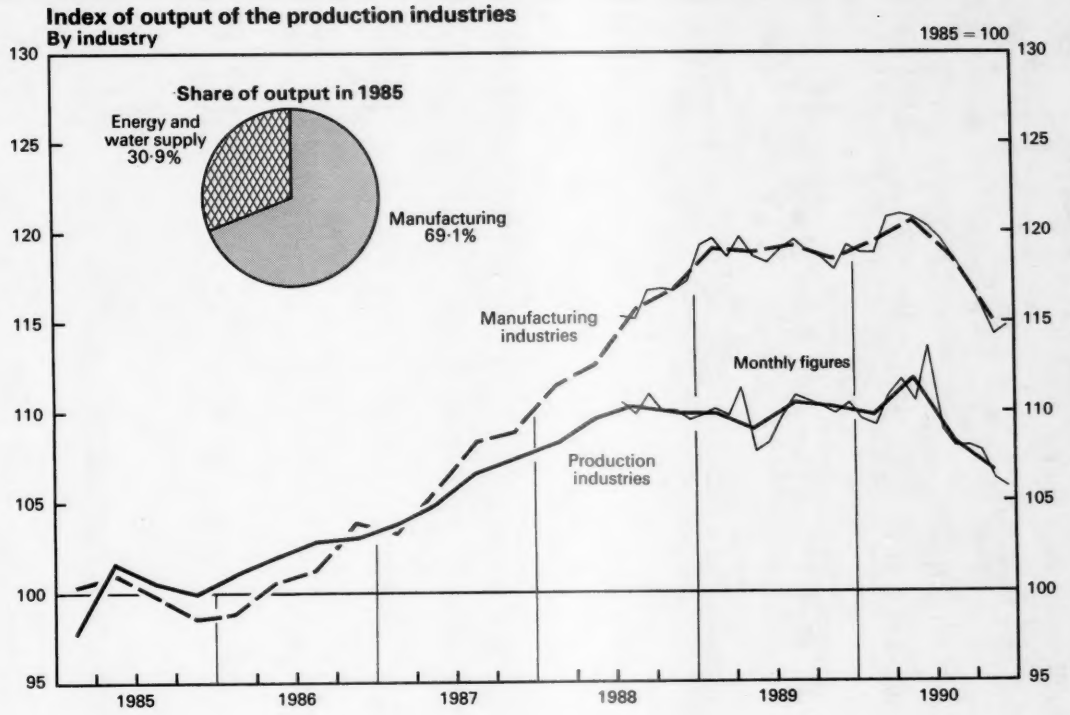
1985 = 100

	Total production industries+	Energy and water supply	Total manufacturing industries+	By market sector: Consumer goods industries	By market sector: Investment goods industries	By market sector: Intermediate goods industries
1985 weights	*1 000*	*309*	*691*	*243*	*195*	*562*
	DVIM	DVIN	DVIS	DVJP	DVJV	DVJZ
1984	94.8	88.8	97.4	98.1	95.2	93.2
1985	100.0	100.0	100.0	100.0	100.0	100.0
1986	102.4	105.0	101.3	101.4	100.3	103.6
1987	105.8	103.9	106.6	106.7	102.8	106.3
1988	109.6	99.3	114.2	112.4	111.2	107.9
1989	110.0	89.7†	119.1†	114.7	120.9†	104.2
1990	109.2†	88.6	118.4	114.7†	120.6	102.9
1985 Q4	99.9	102.8	98.6	99.1	97.1	101.3
1986 Q1	101.2	106.3	99.0	99.5	99.6	102.6
Q2	102.2	105.5	100.7	101.0	99.7	103.6
Q3	103.0	106.6	101.4	101.6	100.0	104.7
Q4	103.3	101.5	104.0	103.6	102.1	103.5
1987 Q1	103.9	105.4	103.3	103.6	99.8	105.5
Q2	104.8	102.9	105.7	105.8	101.9	105.5
Q3	106.8	103.3	108.4	108.1	105.2	106.8
Q4	107.4	104.0	109.0	109.5	104.3	107.6
1988 Q1	108.2	101.2	111.4	109.8	107.6	107.8
Q2	109.6	102.9	112.6	111.5	109.2	108.9
Q3	110.6†	98.7	115.9†	113.9	113.1	108.2
Q4	110.0	94.5	117.0	114.2	115.0	106.5
1989 Q1	110.0	89.2†	119.3	114.9	120.4†	104.3
Q2	109.2	87.2	119.0	115.2	119.9	102.8†
Q3	110.5	90.8	119.3	114.6	121.9	104.8
Q4	110.4	91.5	118.8	114.0†	121.5	104.9
1990 Q1	109.9	88.4	119.4	115.2	121.7	103.5
Q2	112.1	92.4	120.9	115.7	125.6	105.8
Q3	108.3	85.7	118.4	114.5	120.0	101.6
Q4	106.6	88.0	114.9	113.3	115.1	100.9
1988 Aug	110.3†	98.0	115.3	112.6	112.3	108.0
Sep	110.9	98.2	116.8	115.8	115.1	107.6
Oct	110.3	95.3	116.9	113.8	115.5	106.8†
Nov	110.9	95.5	116.9†	114.8	114.4†	106.9
Dec	110.1	92.7	117.2	113.9†	115.1	105.9
1989 Jan	109.5	88.6†	119.4	114.6	119.9	104.4
Feb	109.2	89.1	119.7	115.0	121.5	104.2
Mar	109.3	90.0	118.7	115.2	119.6	104.2
Apr	109.0	92.6	119.8	116.2	120.1	106.4
May	107.6	83.4	118.7	114.6	119.2	100.9
Jun	107.9	85.5	118.4	114.9	120.4	101.3
Jul	109.8	88.8	119.4	115.3	122.6	103.2
Aug	111.0	91.8	119.6	114.3	122.8	105.5
Sep	110.7	92.0	118.8	114.2	120.4	105.5
Oct	110.4	92.0	118.7	113.8	122.0	105.0
Nov	110.0	91.9	118.2	113.6	119.7	105.3
Dec	110.5	90.5	119.5	114.7	122.9	104.5
1990 Jan	109.6	88.7	118.8	115.0	121.1	103.1
Feb	109.3	87.7	118.8	114.3	121.7	102.8
Mar	111.0	88.9	120.7	116.3	122.3	104.6
Apr	111.8	91.2	121.2	116.6	126.1	105.1
May	110.7	88.2	120.9	115.3	126.2	103.6
Jun	113.3	97.7	120.4	115.3	124.5	108.8
Jul	109.0	85.3	119.5	114.7	122.3	101.8
Aug	108.1	84.8	118.4	114.4	120.5	100.9
Sep	108.1	87.1	117.4	114.5	117.1	102.1
Oct	107.9	89.9	116.0	115.1	115.7	102.3
Nov	106.3	88.4	114.2	112.4	113.3	101.2
Dec	105.9	85.7	114.5	112.3	116.2	99.1
1991 Jan	..	85.2	114.3	111.4	116.1	98.9

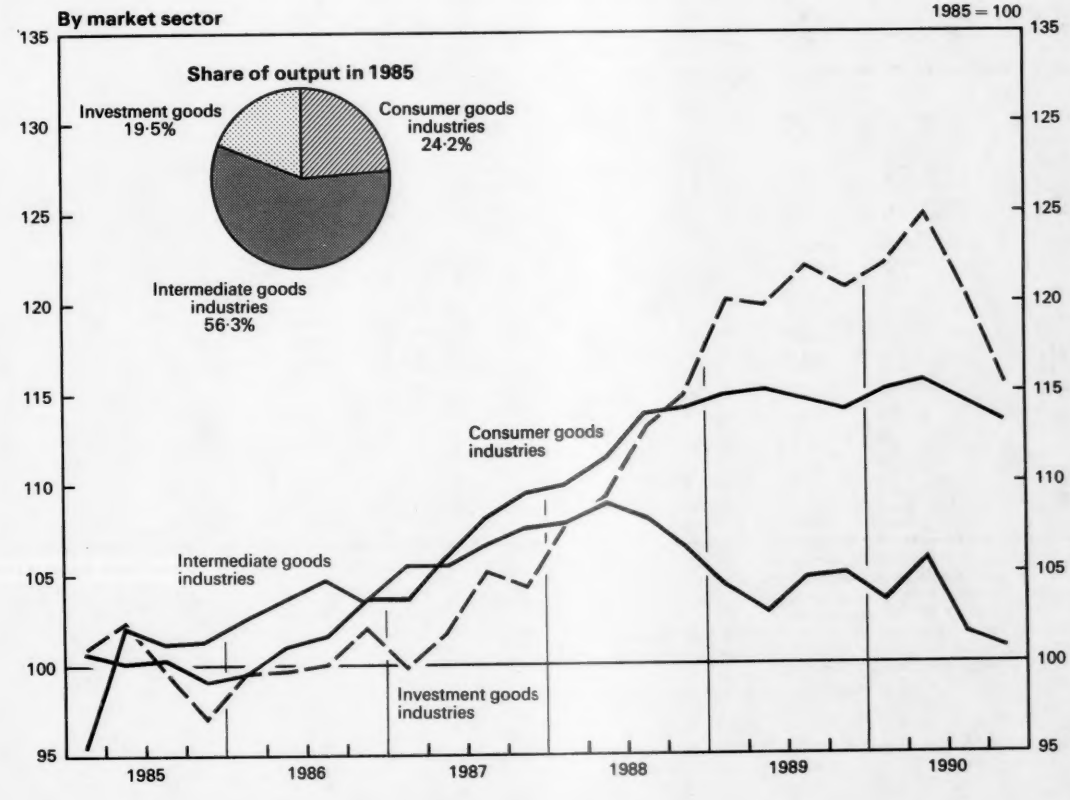
1 The figures contain, where appropriate, an adjustment for stock changes.

Index of output of the production industries

By industry



By market sector



17 Index numbers of output at constant factor cost

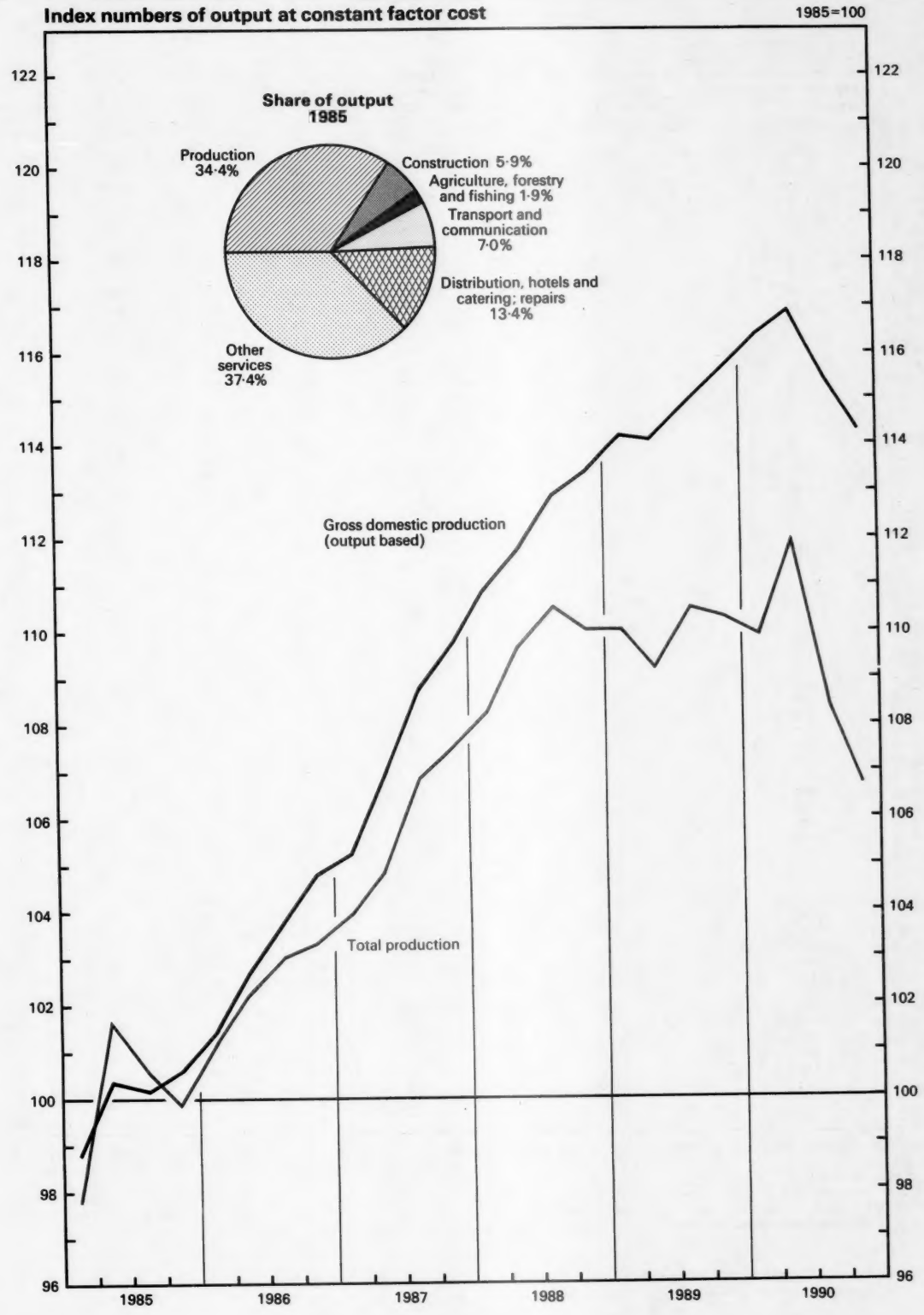
1985 = 100

	Agriculture, forestry and fishing	Production industries[1]	Construction	Service industries: Distribution; hotels and catering; repairs	Service industries: Transport and communication	Service industries: Other services	Service industries: Total services	Index of the output of goods and services[2]	Stastical adjustment[3]	Gross domestic product (output based); new version
1985 weights	*19*	*344*	*59*	*134*	*70*	*374*	*578*	*1 000*		
	CKAP		DVJO	CKAQ	CKAR	CKAS	CKCE	DTBJ	DIGX	DIGW
1982	92.3	91.4	89.4	87.6	89.0	91.8	90.5	90.8	0.3	91.1
1983	87.3	94.7	95.1	91.5	91.6	94.5	93.4	93.9	0.3	94.1
1984	104.7	94.8	99.6	96.2	96.1	97.5	97.0	96.5	0.1	96.7
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	-	100.0
1986	97.4	102.4	104.7	104.8	104.3	103.8	104.1	103.4	-0.2	103.2
1987	98.2†	105.8	110.7	111.5†	111.7	108.6†	109.6†	108.2†	-0.4	107.7†
1988	97.8	109.6	120.7	119.2	119.1†	112.5	114.8	113.1	-0.7	112.4
1989	101.3	110.0	125.7	122.3	125.8	115.1	118.1	115.4	-0.9	114.5
1990	104.6	109.2†	127.0†	123.1	128.6	117.2	120.0	116.4	-1.2	115.3
1985 Q1	101	97.8	100.6	99	100	99	99.2	98.9	-	98.9
Q2	100	101.7	100.0	100	99	100	99.7	100.4	-	100.4
Q3	99	100.6	98.7	100	100	100	100.1	100.2	-	100.2
Q4	99	99.9	100.7	101	101	101	101.0	100.6	-	100.6
1986 Q1	98	101.2	100.1	102	102	102	102.1	101.6	-0.1	101.5
Q2	97	102.2	104.7	104	103	103	103.4	102.9	-0.2	102.7
Q3	97	103.0	105.9	106	105	104	104.7	104.1	-0.2	103.8
Q4	97	103.3	108.1	107	108	105	106.1	105.1	-0.3	104.8
1987 Q1	98†	103.9	109.4	108	106	106	106.7†	105.8†	-0.3	105.4†
Q2	98	104.8	107.6	111†	112	108	109.0	107.3	-0.4	106.9
Q3	98	106.8	111.1	113	115	110	111.1	109.4	-0.5	108.9
Q4	98	107.4	114.8	115	114	110	111.8	110.2	-0.5	109.7
1988 Q1	97	108.2	121.7	117	119†	111	113.4	111.8	-0.6	111.2
Q2	97	109.6	119.8	118	118	112	113.8	112.4	-0.6	111.8
Q3	98	110.6†	119.3	120	118	113	115.5	113.7	-0.7	113.0
Q4	99	110.0	122.2	121	121	114	116.6	114.3	-0.8	113.5
1989 Q1	100	110.0	127.2	122	124	115	117.5	115.2	-0.8	114.3
Q2	101	109.2	126.3	122	125	115	117.5	114.9	-0.9	114.0
Q3	102	110.5	123.8	122	126	115†	118.0	115.4	-1.0	114.5
Q4	102	110.4	125.4	123	127	116	119.3	116.2	-1.0	115.2
1990 Q1	104	109.9	130.0†	124	130	117	120.5	117.1	-1.1	116.0
Q2	105	112.1	127.8	124	129	117	120.3	117.6	-1.1†	116.4
Q3	105	108.3	126.4	123	128	117	119.8	116.0	-1.2	114.8
Q4	104	106.6	123.8	121	127	117	119.4	115.0	-1.2	113.8
Percentage change, quarter on corresponding quarter of previous year										
1985 Q3	*-7.5*	*7.9*	*-1.9*	*4.2*	*3.5*	*2.4*	*2.9*	*4.1*		*3.9†*
Q4	*-5.3*	*5.8*	*1.1*	*3.0*	*2.7*	*2.3*	*2.5*	*3.4*		*3.3*
1986 Q1	*-3.5*	*3.5*	*-0.4*	*3.5*	*2.4*	*2.8*	*2.9*	*2.8*		*2.7*
Q2	*-2.9*	*0.5*	*4.7*	*4.4*	*4.0*	*3.4*	*3.7*	*2.5*		*2.4*
Q3	*-2.3*	*2.4*	*7.3*	*5.1*	*4.3*	*4.5*	*4.6*	*3.9*		*3.6*
Q4	*-1.8*	*3.3*	*7.3*	*6.1*	*6.7*	*4.3*	*5.0*	*4.5*		*4.2*
1987 Q1	*0.5†*	*2.7*	*9.3*	*5.8†*	*4.3*	*4.1†*	*4.5†*	*4.1†*		*3.9*
Q2	*1.3*	*2.6*	*2.8*	*6.1*	*8.3*	*4.7*	*5.5*	*4.2*		*4.0*
Q3	*0.9*	*3.7*	*4.9*	*6.6*	*9.6*	*5.2*	*6.1*	*5.1*		*4.9*
Q4	*0.7*	*4.1*	*6.3*	*7.1*	*6.1*	*4.6*	*5.4*	*4.9*		*4.7*
1988 Q1	*-0.9*	*4.1*	*11.2*	*8.5*	*11.9†*	*4.4*	*6.3*	*5.7*		*5.5*
Q2	*-1.5*	*4.5†*	*11.3*	*6.4*	*5.1*	*3.6*	*4.4*	*4.8*		*4.6*
Q3	*-*	*3.5*	*7.4*	*6.7*	*3.4*	*3.1*	*4.0*	*4.0*		*3.8*
Q4	*0.5*	*2.4*	*6.4*	*6.0*	*6.1*	*3.3*	*4.3*	*3.7*		*3.5*
1989 Q1	*2.4*	*1.6*	*4.6*	*3.7*	*4.3*	*3.5*	*3.6*	*3.0*		*2.8*
Q2	*4.3*	*-0.4*	*5.5*	*3.5*	*6.6*	*2.5*	*3.2*	*2.2*		*2.0*
Q3	*3.7*	*-*	*3.8*	*1.7*	*6.7*	*1.4*	*2.1*	*1.5*		*1.3*
Q4	*3.9*	*0.3*	*2.6*	*1.5*	*5.0*	*2.1*	*2.3*	*1.7*		*1.5*
1990 Q1	*3.8*	*-0.1*	*2.2†*	*2.0*	*4.9*	*2.2*	*2.5*	*1.7*		*1.5*
Q2	*4.1*	*2.7*	*1.2*	*1.9*	*2.9*	*2.4*	*2.4*	*2.4*		*2.2*
Q3	*3.4*	*-2.0*	*2.1*	*0.6*	*1.2*	*2.0*	*1.6*	*0.5*		*0.3*
Q4	*1.9*	*-3.4*	*-1.3*	*-1.6*	*0.2*	*0.8*	*0.1*	*-1.0*		*-1.2*

1 The latest data for the index of production are presented in Table 16. The figures given in this table are consistent with the figures for the output measure of gross domestic product.

2 The former version of GDP (output measure).

3 For description of adjustment, see notes to editors attached to the GDP press notice issued on 19 December 1990. Copies of this particular press notice are available from the CSO Press Office.


Index numbers of output at constant factor cost
1985=100
Share of output
1985
Production
34·4%
Construction 5·9%
Agriculture, forestry
and fishing 1·9%
Transport and
communication
7·0%
Distribution, hotels and
catering; repairs
13·4%
Other
services
37·4%
Gross domestic production
(output based)
Total production
122
120
118
116
114
112
110
108
106
104
102
100
98
96
1985
1986
1987
1988
1989
1990

18 Engineering and construction: output and orders

Volume index numbers

	Engineering industries[1]							Construction (GB)	
	Home market		Export		Total				
	Orders on hand end of period (average 1985 = 100)	New orders[2] (1985 average monthly sales = 100)	Orders on hand end of period (average 1985 = 100)	New orders[2] (1985 average monthly sales = 100)	Sales[2] (1985 average monthly sales = 100)	Orders on hand end of period (average 1985 =100)	New orders[2] (1985 average monthly sales = 100)	Gross output[3] (1985 = 100)	Orders received (1985 = 100)
	FEAV	FEAN	FEAX	FEAP	FEAJ	DKCJ	FEAL	FEAQ	FEAZ
1986	97†	99	99†	99	100	98†	99	103.3	108.2
1987	103	105	98	106†	104	101	106†	111.4	128.8[4]
1988	109	115	107	125	115	108	118	119.5	134.0
1989	120	121	123	142	121	121	128	124.5	129.6
1990	110	112†	119	137	124	113	120	125.8†	109.8
1986 Q4	97†	101	99†	121†	101	98†	108†	106.6	107.6
1987 Q1	96	99	96	96	101	96	98	110.0	115.9
Q2	96	99	97	105	101†	96	101	108.4	117.5
Q3	98	108†	97	107	104	98	108	111.7	165.8[4]
Q4	103	116	98	114	108	101	116	115.5	116.0
1988 Q1	105	113	103	124	110	104	117	120.3	138.7
Q2	106	113	103	120	113	105	115	118.8	125.7
Q3	109	120	103	128	119	107	122	118.0	130.2
Q4	109	115	107	129	117	108	120	120.9	141.4
1989 Q1	119	131	117	148	117	118	137	125.9	132.3
Q2	120	121	117	131	123	119	124	125.2	137.8
Q3	121	116	123	147	121	121	126	122.6	124.1
Q4	120	117	123	142	126	121	125	124.5	124.2
1990 Q1	116	110	117	127	125	116	115	129.1†	114.8
Q2	118	126	126	161	127	121	137	127.1	114.3
Q3	116	111	122	128	122	118	117	124.8	109.3
Q4	110	100	119	131	120	113	110	122.3	100.8†
1988 Aug	111	132†	102†	143†	129†	108	135†	..	127.6
Sep	109†	108	103	132	121	107	116	..	133.5
Oct	108	106	103	115	111	106†	109	..	138.1
Nov	109	128	105	140	121	108	132	..	148.3
Dec	109	112	107	133	116	108	119	..	137.7
1989 Jan	117	161	112	167	122	115	163	..	142.6
Feb	116	105	117	163	114	116	123	..	129.3
Mar	119	128	117	115	113	118	124	..	125.1
Apr	123	146	118	136	122	121	142	..	142.3
May	121	106	117	127	125	119	113	..	127.2
Jun	120	112	117	130	121	119	118	..	143.8
Jul	120	117	118	140	122	119	124	..	114.9
Aug	121	121	122	164	122	121	135	..	115.3
Sep	121	110	123	137	118	121	119	..	142.1
Oct	120	121	123	146	129	121	129	..	131.8
Nov	120	116	124	146	123	122	126	..	123.1
Dec	120	114	123	134	125	121	120	..	117.5
1990 Jan	117	106	120	119	128	118	111	..	118.3
Feb	118	124	119	134	125	119	127	..	113.3
Mar	116	100	117	127	123	116	109	..	112.8
Apr	119	149	121	169	134	120	156	..	127.4
May	118	114	122	151	126	120	126	..	105.5
Jun	118	116	126	162	122	121	131	..	110.0
Jul	119	124	125	135	128	121	128	..	106.9
Aug	116	99	122	108	120	118	102	..	108.7
Sep	116	111	122	139	119	118	120	..	112.3
Oct	114	105	123	143	122	118	117	..	117.3
Nov	112	99	121	123	117	116	106	..	96.1†
Dec	110	98	190	126	121	113	107	..	89.0
1991 Jan	105	85	109	68	119	107	80	..	98.9

1 Mechanical, instrument and electrical engineering (SIC classes 32, 33, 34 and 37).

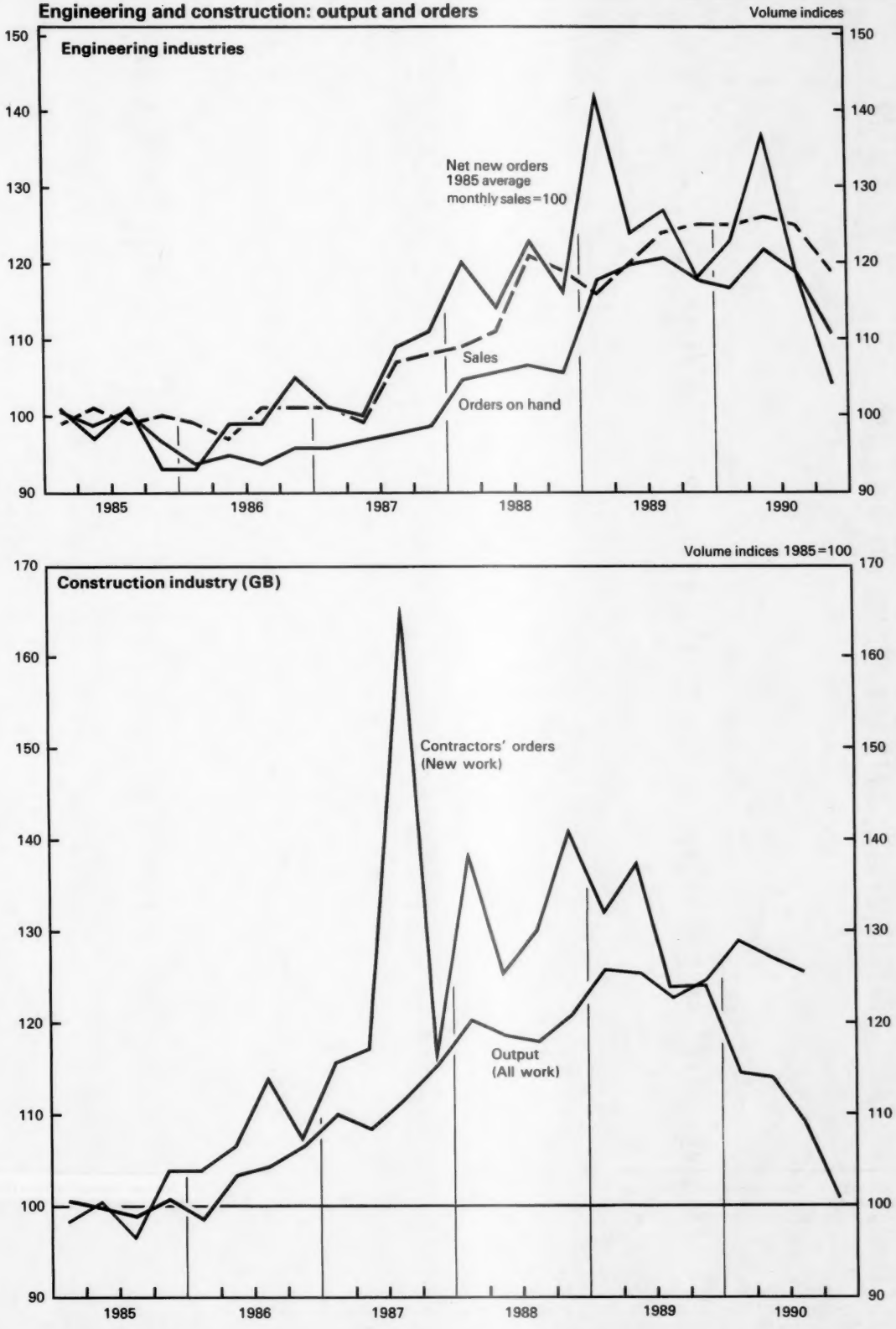
2 Net of cancellations.

3 This index is based on a gross output series which includes repair and maintenance estimates, unrecorded output by self-employed workers and small firms and output by the direct labour departments of the public sector.

4 Includes the Channel Tunnel project. Excluding the project, the level of orders would have been 137.4 in July 1987, 134.6 in third quarter 1987 and 121.0 in 1987 as a whole.

Sources: Department of Trade and Industry; Department of the Environment

Engineering and construction: output and orders



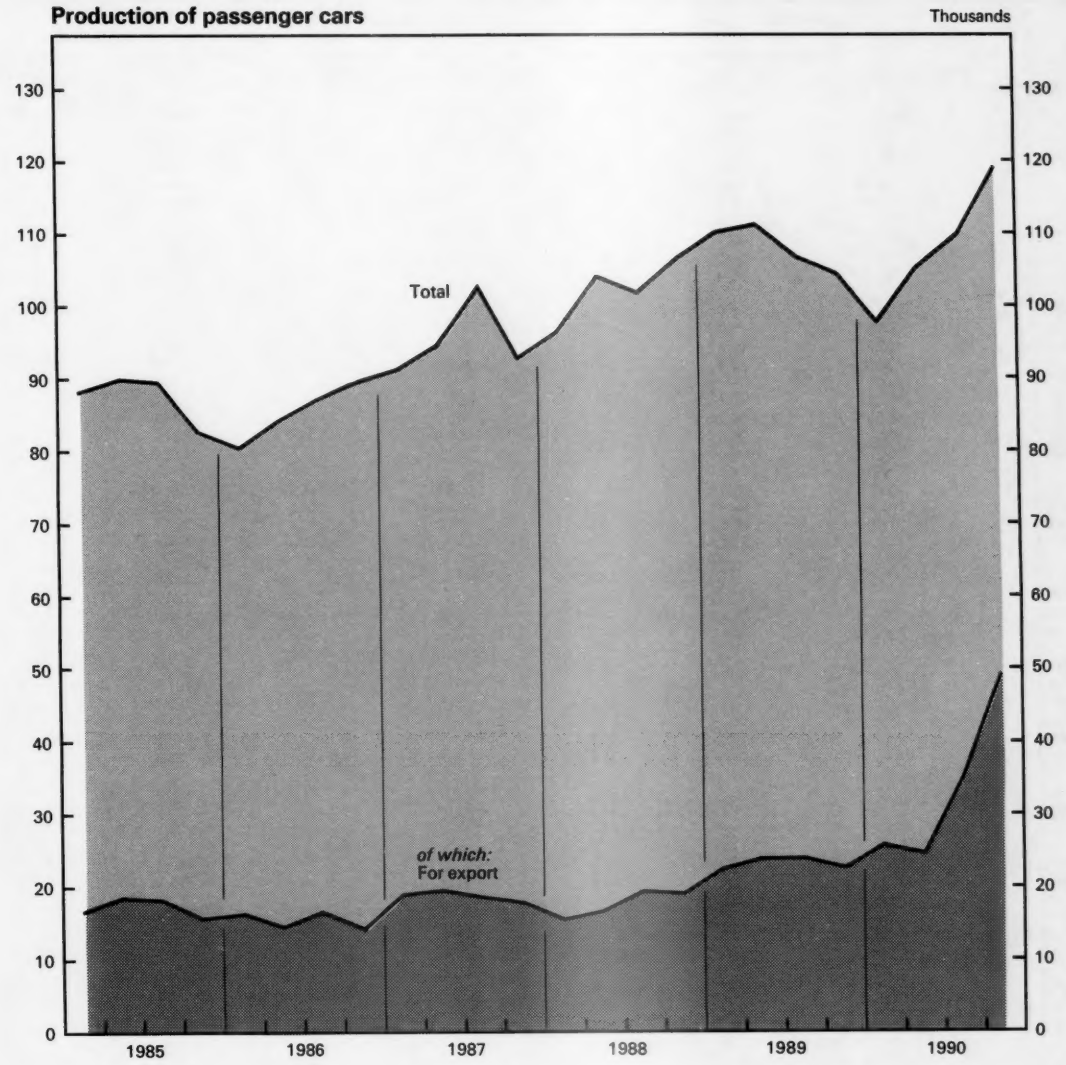
*See footnote [2] on page 32

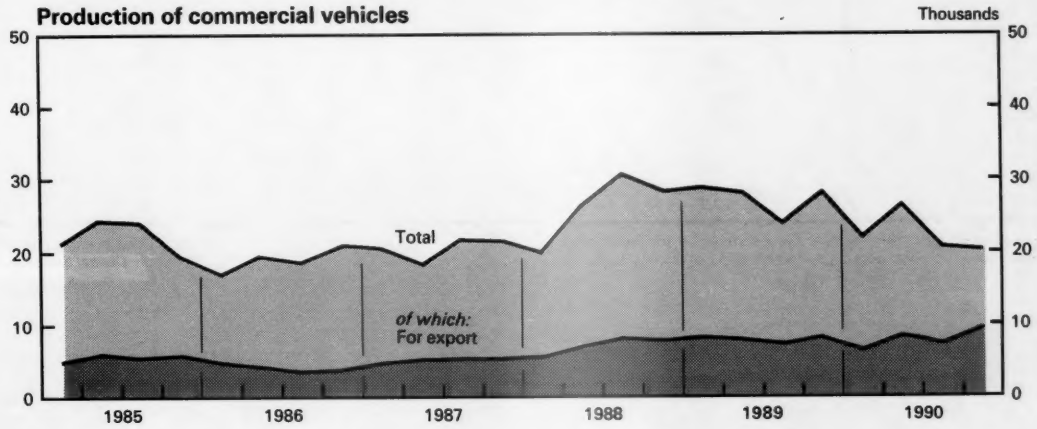
19 Motor vehicle production[1] and steel production and consumption

	Passenger cars+		Commercial vehicles+		Crude steel production[2] (thousand tonnes)	Finished steel consumption (thousand tonnes)
	Total production (thousands)	Of which for export (thousands)	Total production (thousands)	Of which for export (thousands)		
	FFAO	FFAP	FFAQ	FFAR	FFAM	FFAN
1979	89.2	32.7	34.0	13.5	21 411	15 480
1980	77.0	29.1	32.4	13.0	11 387	12 770
1981	79.5†	25.4	19.2	9.5	15 308	12 440
1982	74.0	18.8	22.4	7.7	13 644	12 240
1983	87.0	19.8	20.4	5.2	14 933	11 510
1984	75.7	16.0	18.7	4.1†	15 076	11 340
1985	87.6	17.3	22.2	5.5	15 716	11 560
1986	85.1	15.5†	19.0	4.2	14 723	11 840
1987	95.1	18.9	20.6	5.1	17 414	12 330
1988	102.9	17.7	26.5†	7.1	18 950	14 480
1989	108.3	23.4	27.2	8.0	18 740	14 700
1990	108.0	33.8	22.5	8.0	17 841	..
1986 Q3	86.6†	16.3†	18.8†	3.8†	3 436.0	2 960
Q4	89.4	14.8	20.7	3.9	4 244.0	2 890
1987 Q1	90.9	18.9	20.4	4.5	3 989.0	2 870
Q2	94.9	19.6	18.8	5.2	4 392.0	3 030
Q3	102.8	18.9	21.5	5.3	4 673.0	3 260
Q4	91.6	18.1	21.8	5.3	4 672.0	3 170
1988 Q1	93.9	15.6	20.0	5.2	4 751.0	3 580
Q2	106.5	16.5	26.5	7.2	4 694.0	3 630
Q3	103.3	19.1	30.3	7.8	4 675.0	3 570
Q4	107.9	19.7	29.3	8.0	4 727.3	3 700
1989 Q1	110.3	22.9	29.0	8.3	4 854.0	3 670
Q2	111.1	24.0	27.8	8.0	4 740.6	3 910
Q3	107.1	24.0	24.0	7.4	4 912.0	3 650
Q4	104.6	22.7	28.1	8.1	4 282.6	3 470
1990 Q1	97.8	25.9	22.0	6.6	4 539.8	3 570
Q2	105.1	24.9	26.6	8.7	4 543.9	3 790
Q3	109.9	35.3	20.9	7.4	4 758.5	3 450
Q4	119.1	49.1	20.5	9.2	4 075.7	..
1988 Dec	99.7	14.8	28.2	7.7	1 453.0	..
1989 Jan	113.4	23.4	29.6	7.8	1 623.0	..
Feb	107.9	22.2	28.7	9.0	1 503.0	..
Mar	109.7	23.0	28.7	8.0	1 728.0*	..
Apr	116.7	25.2	29.7	9.0	1 430.8	..
May	108.5	24.7	27.4	7.0	1 829.0*	..
Jun	108.0	22.0	26.2	8.1	1 480.8	..
Jul	117.1	25.3	18.2	4.6	1 583.2	..
Aug	92.0	22.6	26.6	8.4	1 892.0*	..
Sep	112.1	24.2	27.2	9.2	1 436.8	..
Oct	107.6	22.0	30.5	9.2	1 257.6	..
Nov	99.8	22.8	24.4	7.2	1 651.0*	..
Dec	106.5	23.4	29.3	8.0	1 382.8	..
1990 Jan	107.9	29.7	26.6	7.9	1 829.0*	..
Feb	89.6	23.8	16.0	4.9	1 344.0	..
Mar	95.8	24.2	23.5	6.9	1 366.8	..
Apr	114.1	26.1	27.8	9.2	1 419.2	..
May	103.5	24.0	27.1	9.1	1 769.5	..
Jun	97.7	24.6	25.0	7.9	1 355.2	..
Jul	110.8	34.5	18.4	5.8	1 533.2	..
Aug	104.5	32.9	22.1	8.5	1 836.5	..
Sep	114.3	38.6	22.1	7.8	1 388.8	..
Oct	125.3	49.1	22.9	10.2	1 630.5	..
Nov	112.3	47.2	19.4	8.5	1 284.0	..
Dec	119.7	51.1	19.1	9.0	1 161.2	..
1991 Jan	121.4†	56.6†	21.2†	10.6†	1 568.0	..
Feb	99.8	49.2	18.2	9.0	..	..

1 Annual and quarterly figures are monthly averages.
2 The totals are for 'usable steel' in accordance with the system used by the EC and the International Iron and Steel Institute.

Department of Trade and Industry


Production of passenger cars
Thousands
130
120
110
100
90
80
70
60
50
40
30
20
10
0
Total
of which:
For export
1985
1986
1987
1988
1989
1990


Production of commercial vehicles
Thousands
50
40
30
20
10
0
Total
of which:
For export
1985
1986
1987
1988
1989
1990

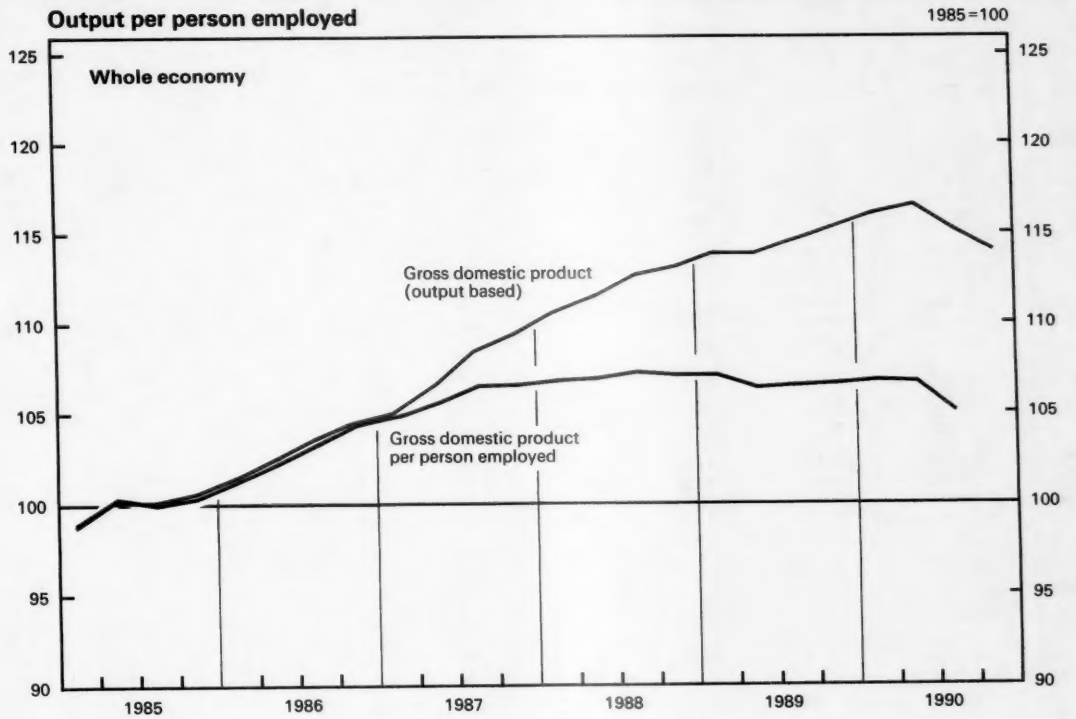
20 Output per person employed

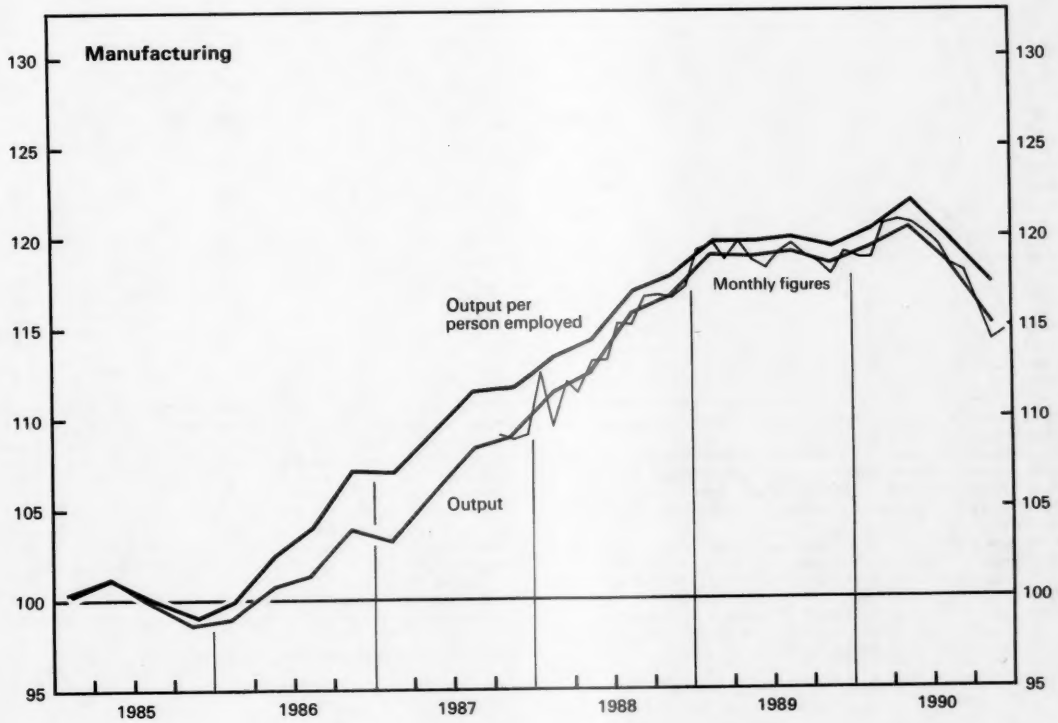
1985 = 100

	Employed labour force[1]			Output per person employed[2]			Output per hour in manufacturing industries
	Whole economy	Total production industries	Manufacturing industries	Whole economy	Total production industries	Manufacturing industries	
	DMBC	DMBK	DMBD	DMBE	CAIW	DMBF	DMBH
1986	100.1	97.3	97.9	103.3	105.3	103.5	103.8
1987	101.9	96.1†	97.0	106.1†	110.1	109.9†	109.6
1988	105.2†	96.7	98.2†	107.5	113.3†	116.3	115.5†
1989	107.8	96.7	98.5	107.1	113.8	120.9	120.8
1990	..	95.2	97.4	..	114.8	121.5	121.1
1987 Q2	101.5†	95.9†	96.8	105.7	109.3†	109.2	108.7†
Q3	102.3	96.2	97.2	106.9†	111.1	111.5	111.2
Q4	103.2	96.4	97.5†	106.8	111.5	111.8†	111.2
1988 Q1	104.1	96.6	97.9	107.4	112.1	113.8	113.1
Q2	104.8	96.7	98.1	107.3	113.4	114.7	114.0
Q3	105.7	96.7	98.3	107.6	114.3	117.9	117.1
Q4	106.3	96.9	98.4	107.5	113.6	118.9	117.9
1989 Q1	107.1	96.9	98.6	107.5	113.5	121.0	120.7
Q2	107.6	96.7	98.5	106.7	112.9	120.8	120.7
Q3	108.0	96.6	98.5	106.9	114.4	121.1	121.0
Q4	108.3	96.4	98.3	107.3	114.5	120.8	120.7
1990 Q1	108.4	96.1	98.1	108.0	114.3	121.8	121.4
Q2	108.6	95.9	97.7	108.3	116.9	123.7	123.3
Q3	108.6	95.5	97.4	106.8	113.4	121.5	120.9
Q4	..	93.2	96.5	..	114.4	119.1	118.8
1989 Sep	..	..	98.5†	..	..	120.6†	120.5†
Oct	..	..	98.4	..	..	120.7	120.5
Nov	..	..	98.4	..	..	120.2	120.1
Dec	..	..	98.3	..	..	121.6	121.7
1990 Jan	..	..	98.3	..	..	120.9	120.6
Feb	..	..	98.1	..	..	121.2	120.7
Mar	..	..	98.0	..	..	123.2	122.9
Apr	..	..	97.8	..	..	124.0	123.5
May	..	..	97.7	..	..	123.8	123.6
Jun	..	..	97.7	..	..	123.3	122.9
Jul	..	..	97.7	..	..	122.3	121.9
Aug	..	..	97.4	..	..	121.5	120.9
Sep	..	..	97.2	..	..	120.7	119.9
Oct	..	..	97.0	..	..	119.6	119.1
Nov	..	..	96.6	..	..	118.2	118.0
Dec	..	..	95.9	..	..	119.4	119.1
1991 Jan	..	..	95.5	..	..	119.7	120.1
Percentage change, quarter on corresponding quarter of previous year							
1987 Q2	*1.5†*	*-1.7†*	*-1.4†*	*2.7*	*4.4†*	*6.4†*	*5.7*
Q3	*2.2*	*-0.6*	*-0.1*	*2.8†*	*4.3*	*7.0*	*6.4*
Q4	*2.8*	*0.1*	*0.5*	*2.1*	*3.9*	*4.2*	*3.2†*
1988 Q1	*3.4*	*0.8*	*1.4*	*2.3*	*3.3*	*6.3*	*5.5*
Q2	*3.3*	*0.8*	*1.3*	*1.5*	*3.8*	*5.1*	*4.9*
Q3	*3.3*	*0.6*	*1.1*	*0.6*	*2.9*	*5.7*	*5.3*
Q4	*3.0*	*0.6*	*0.9*	*0.7*	*1.8*	*6.3*	*6.0*
1989 Q1	*2.9*	*0.3*	*0.7*	*0.1*	*1.3*	*6.4*	*6.8*
Q2	*2.7*	*-*	*0.4*	*-0.5*	*-0.5*	*5.3*	*5.8*
Q3	*2.2*	*-0.2*	*0.2*	*-0.6*	*0.1*	*2.7*	*3.3*
Q4	*1.9*	*-0.5*	*-0.1*	*-0.2*	*0.8*	*1.6*	*2.4*
1990 Q1	*1.2*	*-0.8*	*-0.5*	*0.5*	*0.7*	*0.6*	*0.6*
Q2	*0.9*	*-0.9*	*-0.8*	*1.4*	*3.6*	*2.4*	*2.2*
Q3	*0.6*	*-1.1*	*-1.1*	*-0.1*	*-0.9*	*0.3*	*-0.1*
Q4	..	*-3.3*	*-1.9*	..	*-0.1*	*-1.4*	*-1.6*

1 Comprises employees in employment, the self-employed and HM Forces.
2 The ratios do not take into account part-time working or hours of work.

Sources: Department of Employment;


Output per person employed
1985=100
Whole economy
Gross domestic product (output based)
Gross domestic product per person employed
125
120
115
110
105
100
95
90
1985
1986
1987
1988
1989
1990


Manufacturing
Output per person employed
Output
Monthly figures
130
125
120
115
110
105
100
95
1985
1986
1987
1988
1989
1990

21 National employment and unemployment [1]

	Workforce[2,3] (thousands)	Workforce in employment[2,3,4] (thousands)	Employees in employment[2,3,4] (thousands)	Unemployed[5] + Total (thousands)	Unemployed[5] + Percentage of workforce[6]	Vacancies at job centres+[7] (thousands)	Employees in employment (GB) (thousands) Manufacturing industry	Employees in employment (GB) (thousands) Production industry	Total unemployed[5] (thousands) (NSA)
	DYDD	DYDC	BCAJ	BCJD	BCJE	DPCB	BCHK	DYCP	BCJA
1984	27 309	24 226	21 229	2 916.3	*10.7*	150.2	5 316	5 923	3 159.8†
1985	27 743†	24 530†	21 414	3 027.9	*10.9*	162.1	5 269	5 851	3 271.2
1986	27 877	24 559	21 379	3 097.9	*11.1*	188.8	5 138	5 673	3 292.9
1987	28 077	25 084	21 586†	2 806.5	*10.0*	235.4†	5 068†	5 567†	2 953.4
1988	28 347	25 922	22 266	2 274.9	*8.1*	248.7	5 109	5 587	2 370.4
1989	28 486	26 693	22 670	1 784.4	*6.3*	219.5	5 101	5 558	1 798.7
1990	28 509	26 889	22 864	1 661.7†	*5.8*	..	5 068	5 511	1 664.5
1988 Q2	28 347†	25 922†	22 266†	2 390.4	*8.5*	257.0†	5 109†	5 587†	2 536.0
Q3	28 387	26 151	22 405	2 241.1	*7.9*	250.7	5 110	5 588	2 326.7
Q4	28 369	26 343	22 496	2 133.0	*7.6*†	243.4	5 117	5 592	2 118.9
1989 Q1	28 490	26 584	22 635	1 981.6	*7.0*	232.2	5 115	5 582	2 074.3
Q2	28 486	26 693	22 670	1 846.8	*6.5*	223.2	5 101	5 558	1 883.6
Q3	28 454	26 767	22 728	1 766.2	*6.2*	221.7	5 109	5 557	1 771.4
Q4	28 482	26 844	22 814	1 670.4	*5.9*	213.0	5 098	5 547	1 635.8
1990 Q1	28 436	26 828	22 802	1 615.8	*5.7*	200.7	5 081	5 528	1 687.0
Q2	28 509	26 889	22 864	1 607.0	*5.7*	199.9	5 068	5 511	1 626.3
Q3	28 516	26 844	22 829	1 632.1	*5.7*	172.3	5 041	5 484	1 623.6
Q4	..	..	..	1 704.8	*6.0*	142.6	4 969	5 412	1 670.6
1991 Q1	..	..	..	1 891.6†	*6.7*	143.8	..	..	1 959.7†
1988 Dec	..	..	..	2 021.7	*7.2*	240.0	5 117†	5 592†	2 046.5
1989 Jan	..	..	..	1 981.6	*7.0*	232.2	5 115	5 589	2 074.3
Feb	..	..	..	1 937.3	*6.8*	231.0	5 114	5 587	2 018.2
Mar	..	..	..	1 903.2	*6.7*	227.1	5 115	5 582	1 960.2
Apr	..	..	..	1 846.8	*6.5*	223.2	5 109	5 573	1 883.6
May	..	..	..	1 819.0	*6.4*	219.2	5 103	5 564	1 802.5
Jun	..	..	..	1 791.2	*6.3*	224.0	5 101	5 558	1 743.1
Jul	..	..	..	1 766.2	*6.2*	221.7	5 096	5 549	1 771.4
Aug	..	..	..	1 725.0	*6.1*	218.6	5 110	5 562	1 741.1
Sep	..	..	..	1 684.7	*5.9*	218.5†	5 109	5 557	1 702.9
Oct	..	..	..	1 670.4	*5.9*	213.0	5 100	5 549	1 635.8
Nov	..	..	..	1 651.1	*5.8*	207.8	5 101	5 550	1 612.4
Dec	..	..	..	1 636.1	*5.8*†	197.8	5 098	5 547	1 639.0
1990 Jan	..	..	..	1 615.8	*5.7*	200.7	5 096	5 546	1 687.0
Feb	..	..	..	1 614.0	*5.7*	199.9	5 086	5 535	1 675.7
Mar	..	..	..	1 606.6	*5.6*	198.2	5 081	5 528	1 646.6
Apr	..	..	..	1 607.0	*5.7*	199.9	5 072	5 520	1 626.3
May	..	..	..	1 610.9	*5.7*	195.4	5 067	5 514	1 578.5
Jun	..	..	..	1 618.4	*5.7*	185.5	5 068	5 511	1 555.6
Jul	..	..	..	1 632.1	*5.7*	172.3	5 065	5 511	1 623.6
Aug	..	..	..	1 655.3	*5.8*	167.8	5 053	5 500	1 657.8
Sep	..	..	..	1 670.5	*5.9*	159.2	5 041	5 484	1 673.9
Oct	..	..	..	1 704.8	*6.0*	142.6	5 028	5 474	1 670.6
Nov	..	..	..	1 763.1	*6.2*	132.4	5 007	5 453	1 728.1
Dec	..	..	..	1 842.3	*6.5*	128.7	4 969	5 412	1 850.4
1991 Jan	..	..	..	1 891.6†	*6.7*	143.8	4 945	5 390	1 959.7
Feb	..	..	..	1 977.2	*7.0*	146.9	..	..	2 045.4†

1 Unemployment figures do not include students registered for temporary employment during a current vacation.

2 The workforce consists of the workforce in employment and the unemployed (claimants); the workforce in employment comprises employees in employment, the self-employed, HM Forces and participants in work-related government training programmes. See *Employment Gazette* August 1988, page S6.

3 Estimates of employees in employment for periods after September 1989 and subsequent months include an allowance based on the Labour Force Survey to compensate for persistent undercounting in the regular sample enquiries (see *Employment Gazette*, April 1991). For all dates, individuals with two jobs as employees of different employers are counted twice.

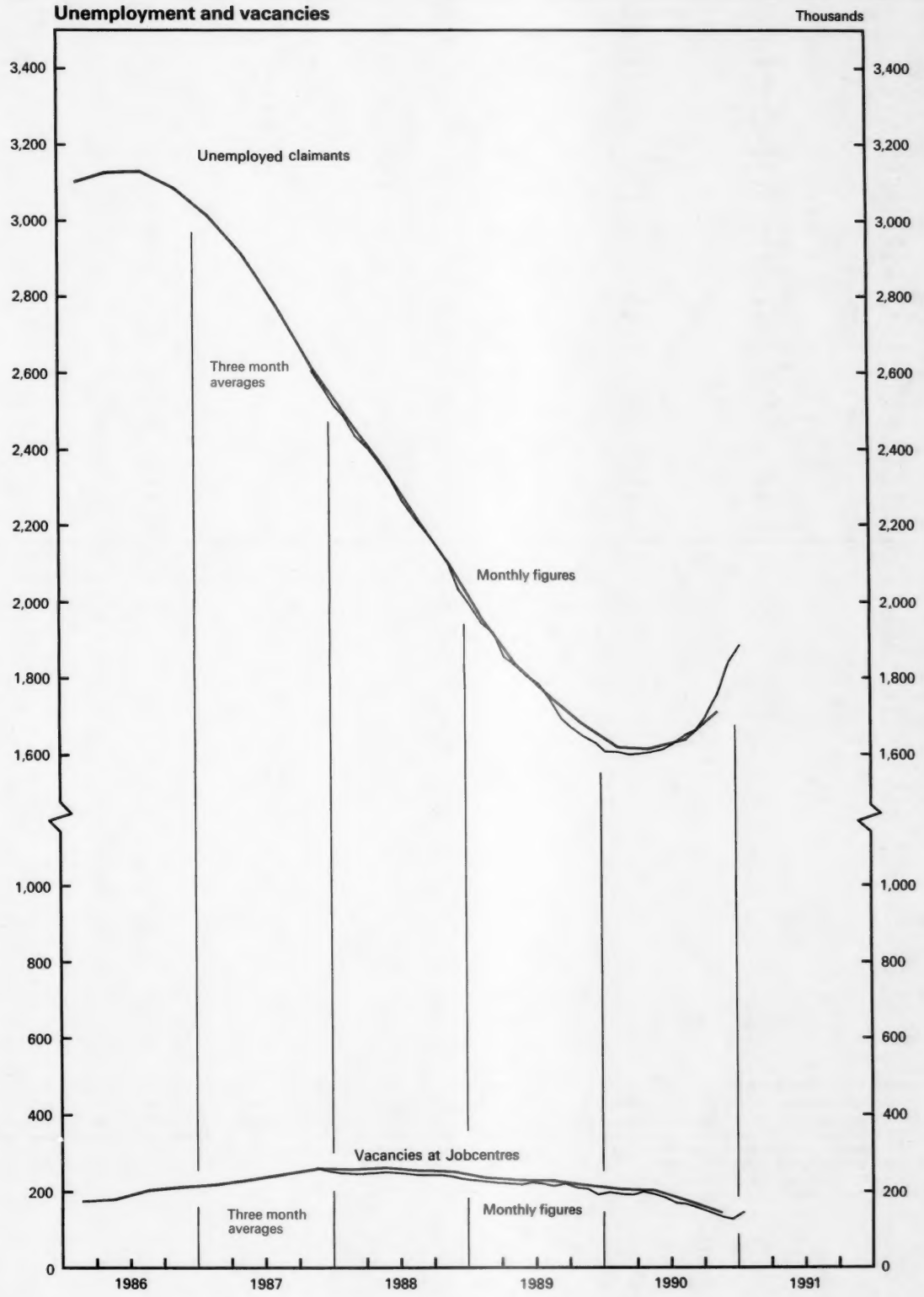
4 Annual estimates relate to mid-year. Figures for the four quarters relate to March, June, September and December.

5 Unadjusted unemployment figures have been affected by changes in the coverage. The seasonally adjusted figures however, as given in this table, are estimated on the current basis, allowing for the discontinuities, and are therefore recommended for the purposes of assessing trends. The seasonally adjusted figures now relate only to claimants aged 18 or over in order to maintain the consistent series, available back to 1971 (1974 for the regions), allowing for the effect of the change in benefit regulations for under 18 year olds from September 1988. (See page 660 of the December 1988 *Employment Gazette*. See also page 422 of the October 1986 edition for the list of previous discontinuities taken into account.)
Note: Quarter figures relate to January, April, July and October.

6 The denominator used to calculate unemployment rates is the workforce - see footnote 2.

7 Vacancies notified to job centres and remaining unfilled.

Source: Department of Employment


Unemployment and vacancies
Thousands
3,400
3,200
3,000
2,800
2,600
2,400
2,200
2,000
1,800
1,600
1,000
800
600
400
200
0
Unemployed claimants
Three month averages
Monthly figures
Vacancies at Jobcentres
Three month averages
Monthly figures
1986
1987
1988
1989
1990
1991

22 Regional unemployment rates [1]

Percentages

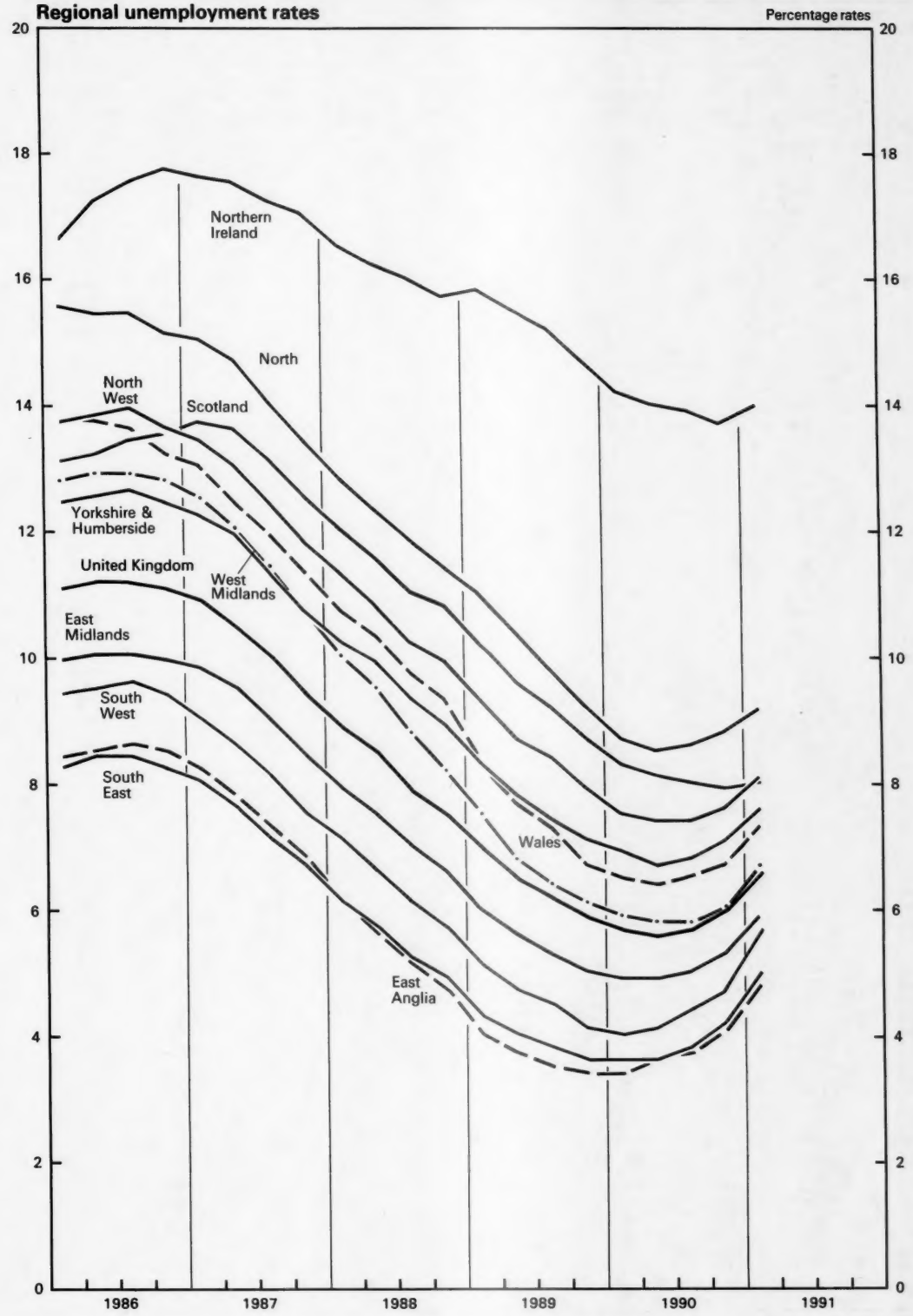
	North	Yorkshire and Humberside	East Midlands	East Anglia	South East	South West	West Midlands
	DPBH	DPBI	DPBJ	DPBK	DPBL	DPBM	DPBN
1985 Q1	15.3	11.8	9.8	7.9	8.0	9.1	12.8
Q2	15.5	12.0	9.9	8.1	8.1	9.3	12.9
Q3	15.4	12.0	9.8	8.1	8.0	9.3	12.8
Q4	15.5	12.1	9.8	8.2	8.1	9.3	12.8
1986 Q1	15.5	12.4	9.9	8.4	8.2	9.4	12.8
Q2	15.4	12.5	10.0	8.5	8.4	9.5	12.9
Q3	15.4	12.6	10.0	8.6	8.4	9.6	12.9
Q4	15.1	12.4	9.9	8.5	8.2	9.4	12.8
1987 Q1	15.0	12.2	9.8	8.2	8.0	9.0	12.5
Q2	14.7	11.9	9.5	7.8	7.6	8.6	12.0
Q3	14.0	11.3	9.0	7.3	7.1	8.1	11.4
Q4	13.4	10.7	8.4	6.7	6.6	7.5	10.7
1988 Q1	12.8	10.1†	7.9	6.1	6.1	7.1	10.0
Q2	12.3	9.8	7.5	5.6	5.7	6.6	9.5
Q3	11.8	9.2	7.0	5.1	5.2	6.1	8.8
Q4	11.3†	8.8	6.7†	4.7	4.9	5.7	8.2
1989 Q1	11.0	8.1	6.1	4.0	4.4†	5.0†	7.5
Q2	10.4	7.6	5.6	3.6†	4.0	4.7	6.8
Q3	9.8	7.3	5.3	3.5	3.9	4.4	6.4
Q4	9.2	6.9	5.1	3.4	3.7	4.1	6.1
1990 Q1	8.8	6.6	4.9	3.3	3.6	4.0	5.8†
Q2	8.5	6.5	4.9	3.5	3.7	4.1	5.7
Q3	8.6	6.6	5.0	3.6	3.9	4.3	5.8
Q4	8.8	6.8	5.3	4.0	4.3	4.6	6.0
1991 Q1	9.2	7.4	5.9	4.6	5.1	5.6	6.6

	North West	Wales	Scotland	Great Britain	Northern Ireland	United Kingdom
	DPBO	DPBP	DPBQ	DPAJ	DPBR	BCJE
1985 Q1	13.6	13.5	12.6	10.7	15.7	10.8
Q2	13.7	13.6	12.9	10.8	15.9	10.9
Q3	13.7	13.7	12.9	10.8	16.0	10.9
Q4	13.7	13.7	13.0	10.8	16.2	11.0
1986 Q1	13.7	13.7	13.0	10.9	16.6	11.1
Q2	13.8	13.7	13.2	11.0	17.2	11.2
Q3	13.9	13.6	13.4	11.1	17.5	11.2
Q4	13.6	13.2	13.5	10.9	17.7	11.1
1987 Q1	13.4	13.0	13.7	10.7	17.6	10.9
Q2	13.0	12.4	13.6	10.3	17.5	10.5
Q3	12.4	11.9	13.0	9.8	17.2	10.0
Q4	11.8	11.3	12.4	9.2	17.0	9.4
1988 Q1	11.3	10.6†	12.1†	8.7	16.1†	8.9
Q2	10.8	10.3	11.7	8.3	15.8	8.5
Q3	10.2	9.7	11.2	7.7	15.6	7.9
Q4	9.9	9.3	10.9	7.4†	15.3	7.6†
1989 Q1	9.3	8.3	10.2	6.8	15.2	7.0
Q2	8.8†	7.7	9.6	6.3	14.9	6.5
Q3	8.4	7.2	9.2	6.0	14.6	6.2
Q4	7.9	6.7	8.7	5.7	14.1	5.9
1990 Q1	7.7	6.5	8.4	5.5	13.7	5.7
Q2	7.6	6.4	8.2	5.4	13.5	5.7
Q3	7.6	6.6	8.1	5.5	13.4	5.7
Q4	7.8	6.7	8.0	5.8	13.2	6.0
1991 Q1	8.3	7.4	8.1	6.5	13.5	6.7

Note: Figures shown are at January, April, July and October respectively.

1 The seasonally adjusted figures now relate only to claimants aged 18 or over in order to maintain the consistent series, available back to 1971 (1974 for the regions), allowing for the effect of the change in benefit regulations for under 18 year olds from September 1988. (See page 660 of the December 1988 *Employment Gazette*. See also page 422 of the October 1986 edition for the list of previous discontinuities taken into account.) The denominators used to calculate unemployment rates are the sum of the appropriate mid-year estimates of employees in employment and the unemployed, the self-employed, HM Forces and participants in work-related government training programmes. Recent figures are based on mid-1988 estimates.

Source: Department of Employment


Regional unemployment rates
Percentage rates
20
18
16
14
12
10
8
6
4
2
0
Northern Ireland
North
North West
Scotland
Yorkshire & Humberside
United Kingdom
West Midlands
East Midlands
South West
South East
Wales
East Anglia
1986
1987
1988
1989
1990
1991

23 Average earnings[4]

	Average earnings (GB)[1]								Wages and salaries per unit of output 1985 = 100	
	Whole economy+	Underlying trend[2]	Production industries	Underlying trend[2]	Manufacturing industry	Underlying trend[2]	Service industries	Underlying trend[2]	Whole economy[3]	Manufacturing industry
1985=100										
	DNGA		DNGC		DNGE		DNGG		DJDO	DMBG
1985	100.0		100.0		100.0		100.0		100.0	100.0
1986	107.9		108.0		107.7		107.7		105.4	104.0
1987	116.3		116.7		116.3		116.0		110.4†	105.9
1988	126.4		126.5		126.2		126.2		118.3	108.4†
1989	..		..		..		..		129.4	113.4
1990	..		..		..		..		..	123.6
1986 Q1									103.8	104.8†
Q2									105.1	104.1
Q3									105.8	103.8
Q4									106.9	103.4
1987 Q1									107.9†	105.5
Q2									109.7	105.3
Q3									110.7	105.2
Q4									113.2	107.5
1988=100										
	DNAB		DNAF		DNAD		DNDV			
1988	100.0		100.0		100.0		100.0		118.3†	108.4†
1989	109.1		109.1		108.7		108.9		129.4	113.4
1990	119.7		119.4†		118.9†		119.4		..	123.6
1988 Q1	97.2		96.5		96.8		97.4		114.8†	107.4†
Q2	98.5		99.4		99.2		98.6		117.1	109.1
Q3	100.5		100.7		100.5		100.1		119.2	107.6
Q4	103.8		103.4		103.3		103.9		122.2	109.7
1989 Q1	106.3		105.3		105.4		106.3		124.8	109.9
Q2	107.8		108.2		108.0		107.8		128.4	112.8
Q3	109.6		110.1		109.7		108.8		130.9	114.3
Q4	112.8		112.5		111.8		112.5		133.7	116.8
1990 Q1	116.0		115.1		114.9		115.8		136.8	119.0
Q2	118.6		118.5		118.0		118.7		140.4	120.4
Q3	120.7		120.9		120.3		119.9		145.4	124.9
Q4	123.5		123.2†		122.6		123.0		..	129.9
		DNEM		DNEN		DNEO		DNDX		
1988 Dec	105.8	8.75	104.6	9.00	104.6	8.75	106.3	8.75	..	111.0†
1989 Jan	105.4	9.00	104.6	8.75	104.7	8.75	105.5	9.00	..	109.0
Feb	106.1	9.25	105.6	8.75	105.8	8.50	105.6	9.25	..	109.9
Mar	107.3	9.50	105.8	8.75	105.6	8.75	107.8	9.50	..	110.7
Apr	107.4	9.25	108.0	8.75	108.2	8.50	107.3	9.25	..	112.3
May	107.6	9.00	108.5	8.75	107.9	8.75	107.5	9.00	..	112.9
Jun	108.4	8.75	108.2	8.75	108.0	8.50	108.7	8.50	..	113.3
Jul	109.1	8.75	109.5	9.00	109.2	8.50	108.4	8.25	..	113.5
Aug	108.9	8.75	110.0	9.25	109.3	8.75	107.8	8.50	..	113.7
Sep	110.9	9.00	110.8	9.00	110.5	8.75	110.3	8.75	..	115.6
Oct	112.2	9.25	111.8	9.25	111.0	9.00	112.2	9.00	..	116.1
Nov	112.8	9.25	112.2	9.00	111.6	8.75	112.7	9.25	..	117.2
Dec	113.5	9.25	113.5	9.00	112.9	8.50	112.7	9.00	..	117.2
1990 Jan	115.1	9.50	113.6	9.25	113.2	8.75	115.2	9.25	..	118.1
Feb	115.6	9.50	115.0	9.50	114.7	9.25	115.0	9.25	..	119.4
Mar	117.3	9.50	116.8	9.75	116.8	9.50	117.2	9.25	..	119.6
Apr	117.4	9.75	117.6	9.75	117.6	9.50	117.2	9.50	..	119.7
May	118.7	9.75	118.6	9.75	117.9	9.25	118.9	9.75	..	120.2
Jun	119.8	10.00	119.3	9.75	118.6	9.50	120.1	10.00	..	121.4
Jul	119.9	10.25	119.9	10.00	119.6	9.50	119.1	10.00	..	123.4
Aug	120.7	10.00	120.6	9.75	119.9	9.50	120.2	10.00	..	124.5
Sep	121.5	10.00	122.1	9.75	121.4	9.50	120.5	10.00	..	126.9
Oct	122.3	9.75	122.4	9.75	121.2	9.25	121.5	9.75	..	127.8
Nov	123.3	9.75	122.9	9.75	122.4	9.50	123.1	9.75	..	130.6
Dec	125.0	9.75	124.4†	9.75	124.1†	9.50†	124.5†	9.50†	..	131.2
1991 Jan	125.7†	9.50†	124.8	9.75†	124.0	9.50	125.3	9.25	..	130.7

Note: For a detailed account of the revised Average Earnings Index based on 1988=100, please see the article in *Employment Gazette*, November 1989, p.606-612.

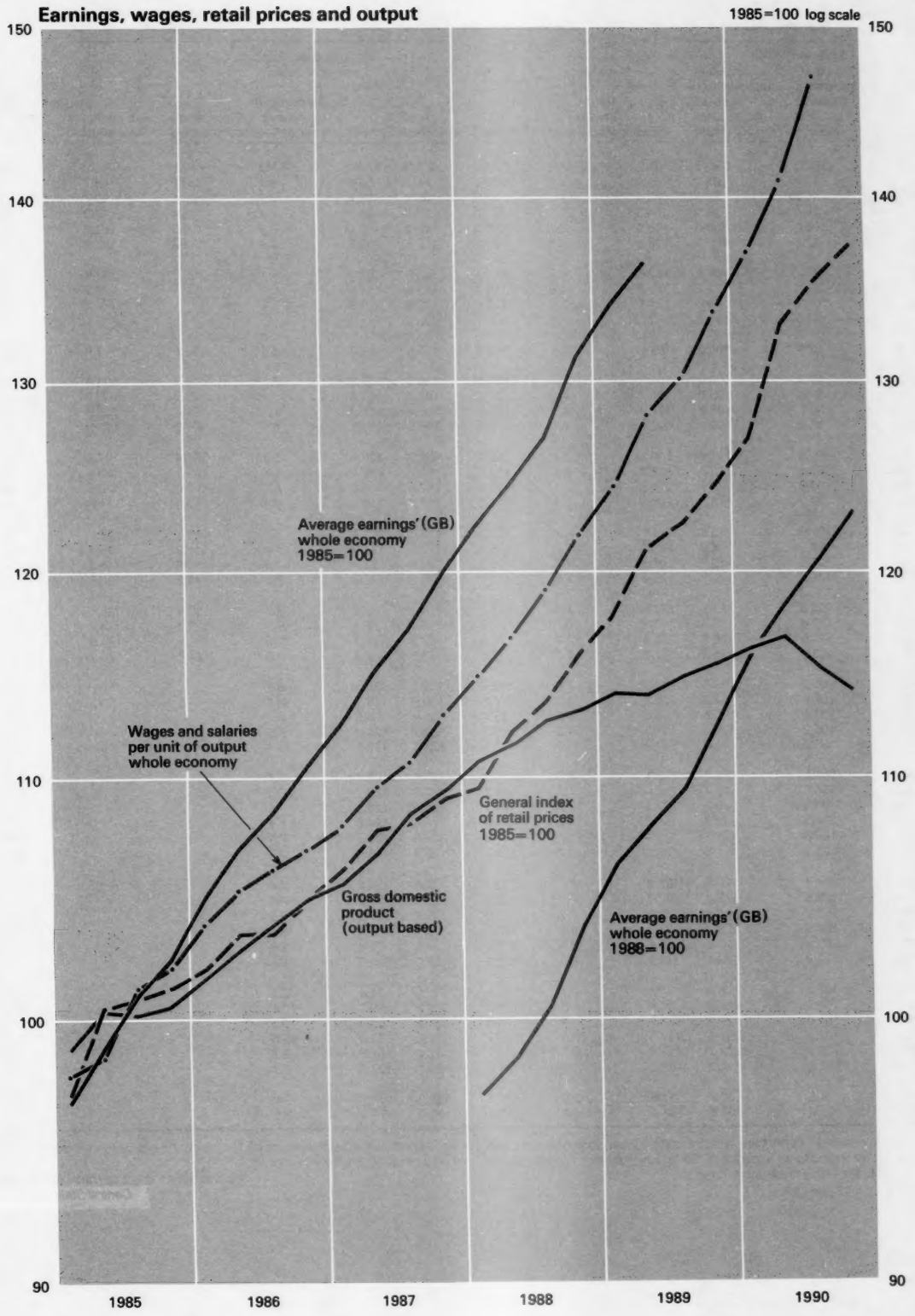
1 The seasonal adjustment factors currently used are based on data up to January 1988.

2 Estimated to the nearest quarter of one percentage point. For the derivation of recent underlying changes see 'Employment Topics' item in *Employment Gazette*, December 1990.

3 The method for calculating whole economy unit wage costs is described in *Employment Gazette*, May 1986.

4 Please note that the table on Average Earnings in *Economic Trends Annual Supplement* (Table 24), published earlier this year, failed to draw attention to the fact that the 1989 Q3 figures on the final page are affected by a change in base year. These figures are based on 1988=100 whereas all earlier figures are based on 1985=100.

Sources: Department of Employment;


Earnings, wages, retail prices and output
1985=100 log scale
150
140
130
120
110
100
90
Average earnings' (GB) whole economy 1985=100
Wages and salaries per unit of output whole economy
General index of retail prices 1985=100
Gross domestic product (output based)
Average earnings' (GB) whole economy 1988=100
1985
1986
1987
1988
1989
1990

24 Prices

1985 = 100

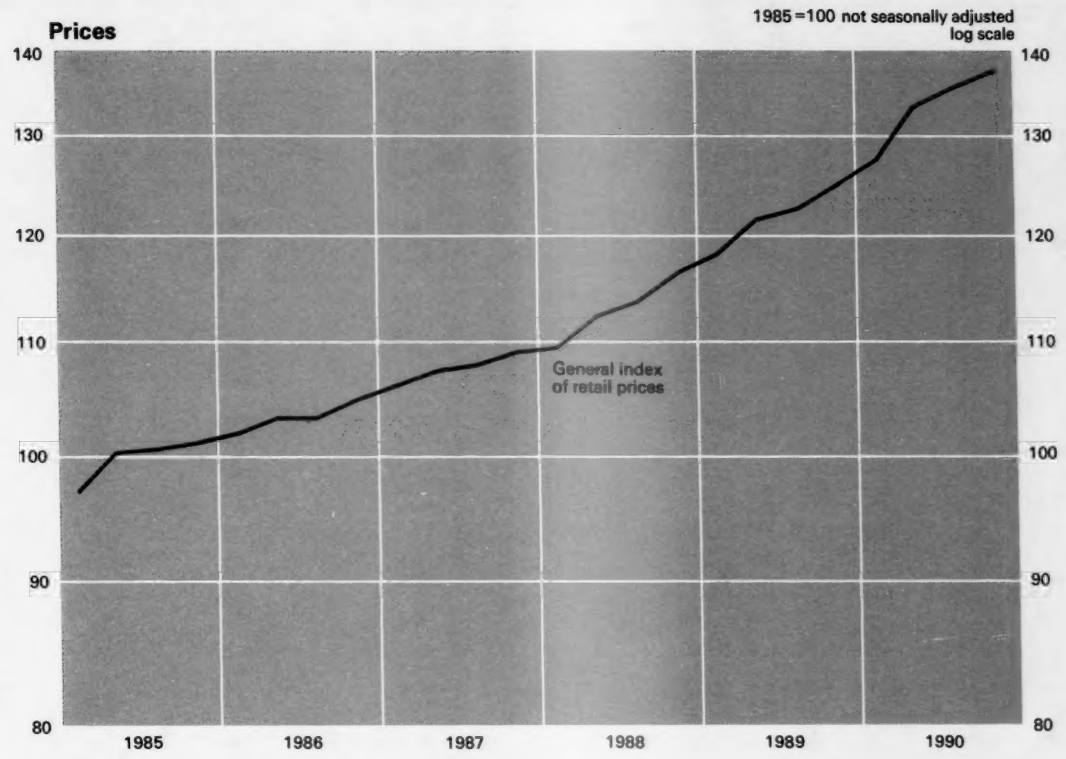
	Producer price index		General index of retail prices[1] (NSA)						Pensioner price index[2] (NSA)		
			All items				All items other than seasonal food				
	Materials and fuel purchased by manufacturing industry	Output: all manufactured products: home sales (NSA)	Index	Percentage increase on year earlier	Total food	Total non-food	Index	Percentage increase on year earlier	One-person household	Two-person household	Purchasing power of the pound[3] (NSA)
	DZDQ	DZCV	FRAG	FRAN	FRAH	FRAI	FRAK	FRAO	FRAL	FRAM	FJAK
1982	85.9	85.2	85.9	*8.6*	89.0	85.1	85.8	*8.5*	86.9	86.7	117
1983	91.9	89.8	89.8	*4.6*	91.8	89.4	89.8	*4.7*	90.8	90.7	111
1984	99.0	95.0	94.3	*5.0*	97.0	93.6	94.1	*4.7*	95.4	95.3	106
1985	100.0	100.0	100.0	*6.1*	100.0	100.0	100.0	*6.3*	100.0	100.0	100
1986	92.4	104.3	103.4	*3.4*	103.3	103.5	103.3	*3.3*	103.2	103.2	97
1987	95.2†	108.3	107.7	*4.2*	106.4	108.0	107.6	*4.1*	105.6	105.8	93
1988	98.3	113.2	113.0	*4.9*	110.1	113.6	112.9	*5.0*	109.5	109.8	88
1989	104.1	119.0	121.8	*7.8*	116.4	122.9	121.9	*7.9*	..	..	82
1990	103.8	126.0	..	*9.5*	..	..	..	..	..	..	..
1986 Q4	92.9	105.5	104.8	*3.4*	103.6	105.1	104.8	*3.3*	103.8	103.9	95
1987 Q1	93.9	106.9	106.1	*3.9*	105.8	106.2	105.9	*3.8*	104.7	104.8	94
Q2	94.6	108.0	107.7	*4.2*	107.2	107.8	107.4	*4.1*	105.7	105.9	93
Q3	96.6†	108.6	107.9	*4.3*	105.8	108.4	107.9	*4.4*	105.4	105.7	93
Q4	95.8	109.8	109.1	*4.1*	107.1	109.6	109.1	*4.1*	106.5	106.9	92
1988 Q1	95.6	111.0	109.6	*3.5*	108.9	109.9	109.4	*3.3*	107.4	107.8	91
Q2	98.2	112.6	112.3	*4.3*	110.1	112.7	112.1	*4.4*	109.2	109.5	89
Q3	99.8	113.9	113.8	*5.5*	109.9	114.6	113.9	*5.5*	110.0	110.3	88
Q4	99.7	115.2	116.2	*6.5*	111.3	117.2	116.4	*6.6*	113.3	111.6	86
1989 Q1	101.6	116.8	118.1	*7.7*	113.5	119.0	118.1	*7.9*	112.8	113.1	85
Q2	104.8	118.2	121.5	*8.2*	116.0	122.6	121.5	*8.4*	114.9	115.4	82
Q3	104.4	119.7	122.6	*7.7*	116.5	123.9	122.9	*7.8*	115.9	116.3	82
Q4	105.6	121.2	125.0	*7.6*	119.4	126.2	125.2	*7.6*	118.2	118.5	80
1990 Q1	104.6	123.1	127.3	*7.8*	123.1	128.1	127.2	*7.7*	120.4	120.6	79
Q2	103.8	125.7	133.2	*9.7*	125.9	134.7	133.1	*9.6*	123.3	123.7	75
Q3	103.5	126.8	135.4	*10.4*	126.0	137.3	135.7	*10.5*	125.2	125.6	..
Q4	103.3	128.3	137.5	*10.0*	127.6	139.5	137.7	*10.0*	127.8	128.2	..
1989 Feb	101.0	116.8	118.2	*7.8*	113.4	119.1	118.1	*8.0*	..	..	85.0
Mar	102.6	117.2	118.7	*7.9*	114.0	119.6	118.7	*8.1*	..	..	84.0
Apr	104.0	117.8	120.8	*8.0*	115.4	121.9	120.8	*8.2*	..	..	83.0
May	105.0	118.3	121.6	*8.3*	116.1	122.7	121.5	*8.5*	..	..	82.0
Jun	105.3	118.6	122.0	*8.3*	116.5	123.1	122.1	*8.4*	..	..	82.0
Jul	104.5	119.2	122.1	*8.2*	115.9	123.4	122.4	*8.4*	..	..	82.0
Aug	104.0	119.7	122.4	*7.3*	116.4	123.7	122.7	*7.5*	..	..	82.0
Sep	104.8	120.2	123.3	*7.6*	117.2	124.5	123.5	*7.6*	..	..	82.0
Oct	104.8	120.8	124.2	*7.3*	118.3	125.4	124.5	*7.4*	..	..	80.5
Nov	105.6	121.2	125.3	*7.7*	119.5	126.5	125.5	*7.8*	..	..	79.8
Dec	105.3	121.5	125.6	*7.7*	120.5	126.7	125.6	*7.7*	..	..	79.6
1990 Jan	104.7	122.5	126.3	*7.7*	122.1	127.2	126.3	*7.6*	..	..	79.2
Feb	103.8	123.0	127.1	*7.5*	123.2	128.0	127.0	*7.5*	..	..	78.7
Mar	105.2	123.8	128.3	*8.1*	123.9	129.2	128.2	*8.0*	..	..	77.9
Apr	104.7	125.1	132.3	*9.4*	125.1	133.7	132.1	*9.4*	..	..	75.6
May	103.8	125.8	133.4	*9.7*	126.4	134.8	133.4	*9.7*	..	..	75.0
Jun	102.8	126.1	133.9	*9.8*	126.3	135.5	134.0	*9.8*	..	..	74.7
Jul	102.7	126.4	134.1	*9.8*	125.1	135.9	134.4	*9.8*	..	..	74.6
Aug	102.9	126.9	135.4	*10.6*	126.3	137.2	135.7	*10.6*	..	..	73.8
Sep	104.8	127.2	136.7	*10.9*	126.6	138.8	137.0	*10.9*	..	..	73.2
Oct	104.1	127.9	137.8	*10.9*	126.7	139.9	138.0	*10.9*	..	..	72.6
Nov	102.9	128.4†	137.4	*9.7*	127.7	139.4	137.7	*9.7*	..	..	72.8
Dec	102.9†	128.7	137.3	*9.3*	128.5	139.1	137.5	*9.4*	..	..	72.8
1991 Jan	102.6	130.2	137.6	*9.0*	129.4	139.3	137.7	*9.0*	..	..	72.6
Feb	101.6	130.8	138.4†	*8.9†*	130.9†	139.9†	138.4†	*9.0†*	..	..	72.3†

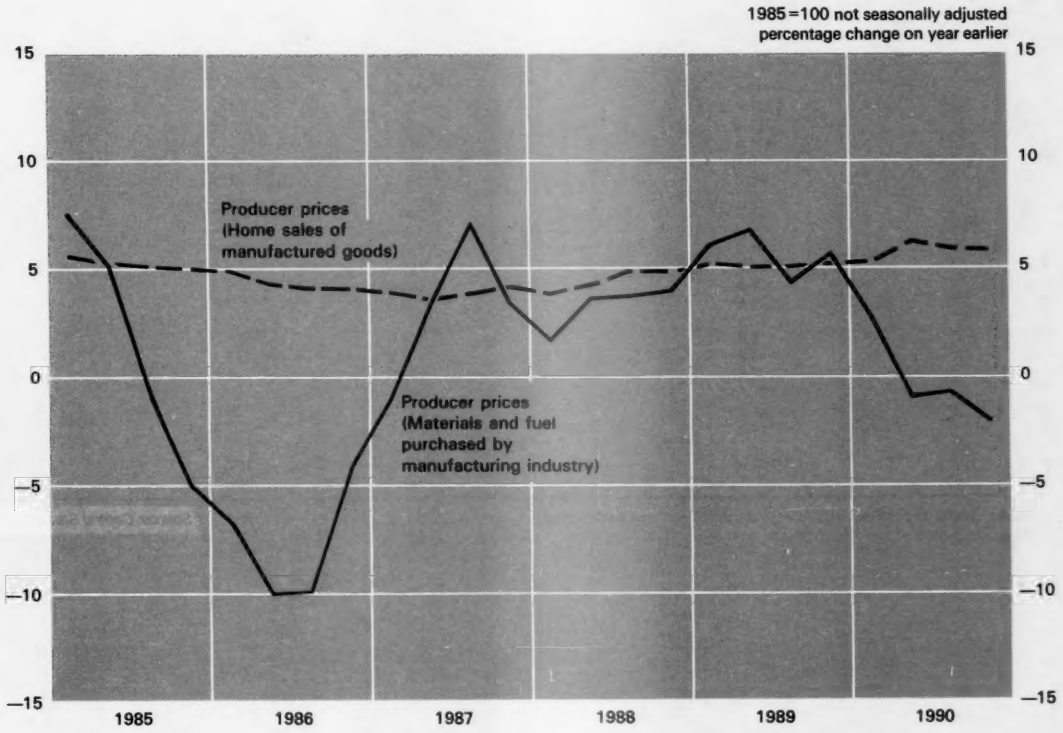
1 The index numbers given here are for comparative purposes only and should not be regarded as accurate to the last digit shown. The official Retail Prices Index series is shown in Table 1.

2 All items except housing.

3 Movements in the purchasing power of the pound are based on movements in the General index of retail prices.

Sources: Department of Trade and Industry;


Prices
1985=100 not seasonally adjusted
log scale
140
130
120
110
100
90
80
General index
of retail prices
1985
1986
1987
1988
1989
1990

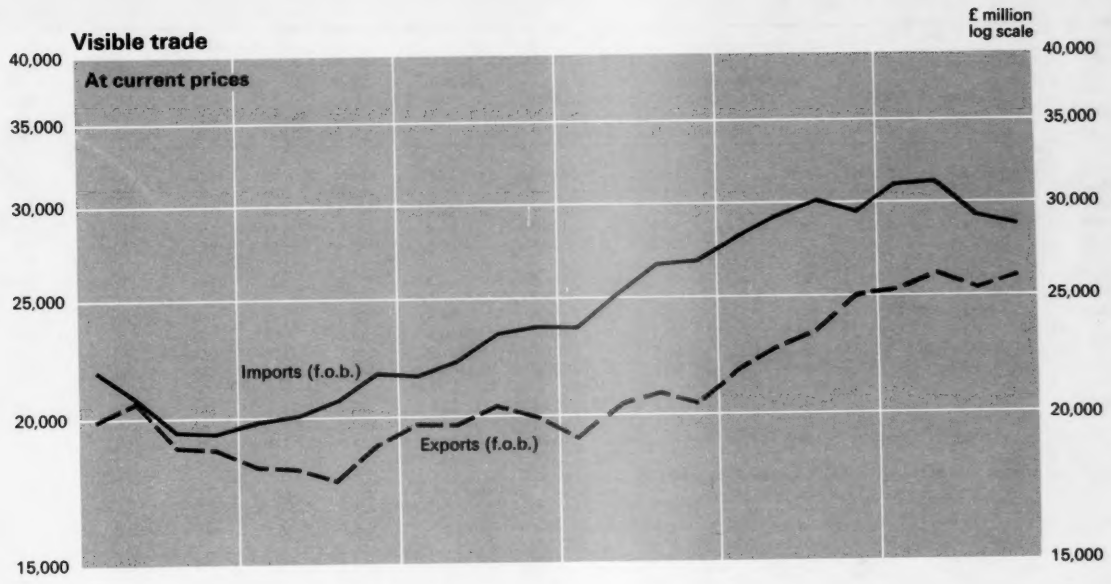

1985=100 not seasonally adjusted
percentage change on year earlier
15
10
5
0
−5
−10
−15
Producer prices
(Home sales of
manufactured goods)
Producer prices
(Materials and fuel
purchased by
manufacturing industry)
1985
1986
1987
1988
1989
1990

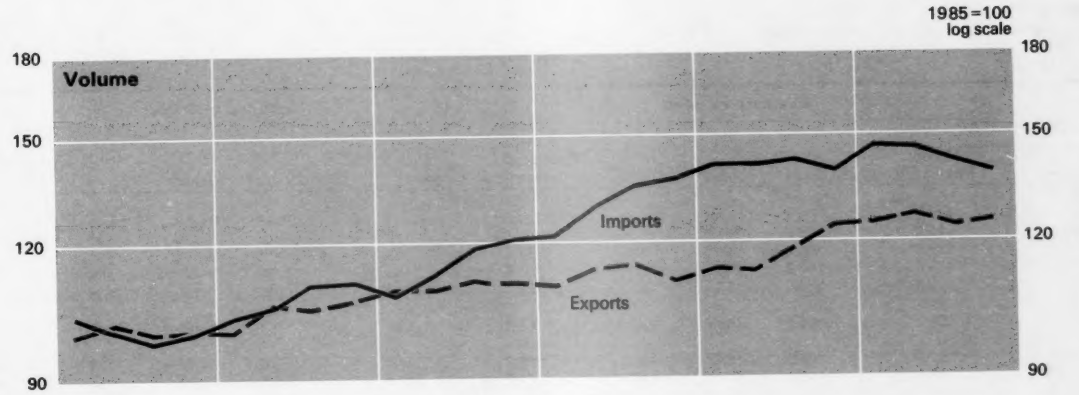
25 Visible trade (on a balance of payments basis)

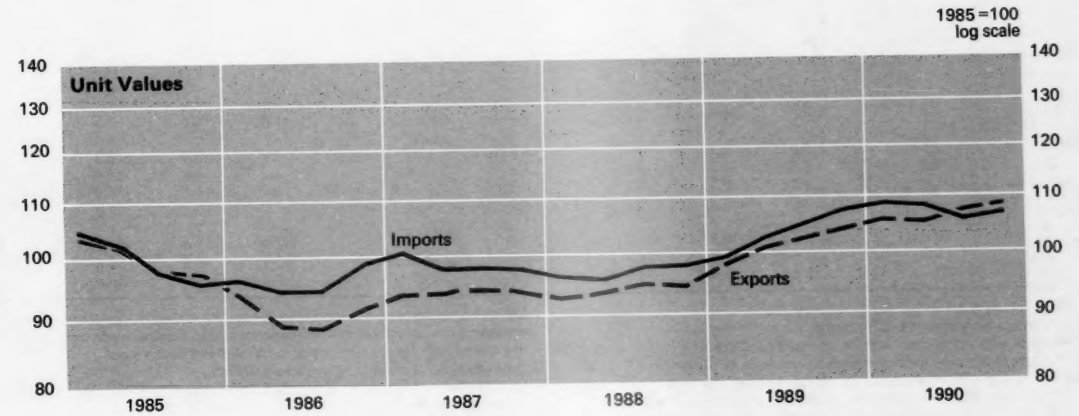
1985 = 100

	Volume indices		Unit value indices (NSA)		
	Exports	Imports	Exports	Imports	Terms of trade[1]
	CGTR	CGTS	CGTO	CGTP	CGTQ
1983	87.6	87.0	88.0	87.4	100.7
1984	94.7	96.9	95.0	95.3	99.7
1985	100.0	100.0	100.0	100.0	100.0
1986	104.0†	107.1†	90.4†	95.7†	94.5†
1987	109.7	115.3	93.8	97.8	95.9
1988	111.8	131.0	93.9	96.7	97.2
1989	117.3	141.5	101.2	103.4	97.9
1990	125.3	143.4	106.8	107.3	99.5
1988 Q1	109.2	121.8	92.7	96.0	96.6
Q2	113.5	129.1	93.3	95.8	97.4
Q3	114.4	134.9	94.9	97.2	97.7†
Q4	110.2	138.1	94.7	97.6	97.0
1989 Q1	113.6	141.6	97.8	99.1	98.7
Q2	113.0	141.5	100.8	102.3	98.5
Q3	118.8	143.2	102.2	105.0	97.4
Q4	123.8	139.7	103.9	107.2	97.0
1990 Q1	124.8	146.5	105.5	108.3	97.5
Q2	126.6	146.4	105.4	108.0	97.6
Q3	123.7	142.0	107.4	105.8	101.5
Q4	125.8	138.9	108.7	107.0	101.5
1988 Mar	109.6	125.1	92.8	96.7	96.0
Apr	114.0	126.1	93.5	95.9	97.5
May	111.8	128.0	93.2	95.5	97.6
Jun	114.6	133.1	93.2	96.0	97.1
Jul	112.8	137.9	94.3	97.0	97.2
Aug	114.6	132.8	95.5	96.8	98.7
Sep	115.8	134.1	95.0	97.8	97.1
Oct	108.3	138.9	94.3	97.9	96.3
Nov	109.8	137.1	94.2	97.7	96.4
Dec	112.6	138.4	95.5	97.2	98.3
1989 Jan	116.0	142.2	97.1	98.0	99.1
Feb	109.2	141.0	97.8	99.1	98.7
Mar	115.6	141.6	98.5	100.2	98.3
Apr	110.1	140.9	100.0	101.1	98.9
May	112.8	141.1	100.4	102.0	98.4
Jun	116.0	142.5	101.9	103.8	98.2
Jul	118.5	140.1	102.2	104.8	97.5
Aug	116.4	143.4	102.2	104.6	97.7
Sep	121.5	146.0	102.3	105.6	96.9
Oct	121.1	139.9	103.6	106.6	97.2
Nov	120.5	142.0	103.7	107.0	96.9
Dec	129.8	137.2	104.5	107.9	96.8
1990 Jan	125.5	149.4	105.7	108.1	97.8
Feb	124.2	139.9	105.8	108.1	97.9
Mar	124.8	150.2	105.1	108.6	96.8
Apr	125.8	149.4	105.7	108.3	97.6
May	128.6	145.6	105.7	108.4	97.5
Jun	125.5	144.1	104.9	107.3	97.8
Jul	118.8	145.2	104.9	106.2	98.8
Aug	124.2	141.6	107.3	105.1	102.1
Sep	128.1	139.1	109.9	106.0	103.7
Oct	126.4	142.7	109.5	107.2	102.1
Nov	126.8	140.3	109.3	106.6	102.5
Dec	124.3	133.6	107.2	107.3	99.9
1991 Jan	120.5†	141.5†	106.6	106.1†	100.5†
Feb	126.1	132.9	105.3†	105.3	100.0

1 Unit value index for exports expressed as a percentage of unit value index for imports.


Visible trade
£ million
log scale
At current prices
40,000
35,000
30,000
25,000
20,000
15,000
Imports (f.o.b.)
Exports (f.o.b.)


1985=100
log scale
Volume
180
150
120
90
Imports
Exports


1985=100
log scale
Unit Values
140
130
120
110
100
90
80
Imports
Exports
1985
1986
1987
1988
1989
1990

26 Measures of UK competitiveness in trade in manufactures[1]

1985 = 100

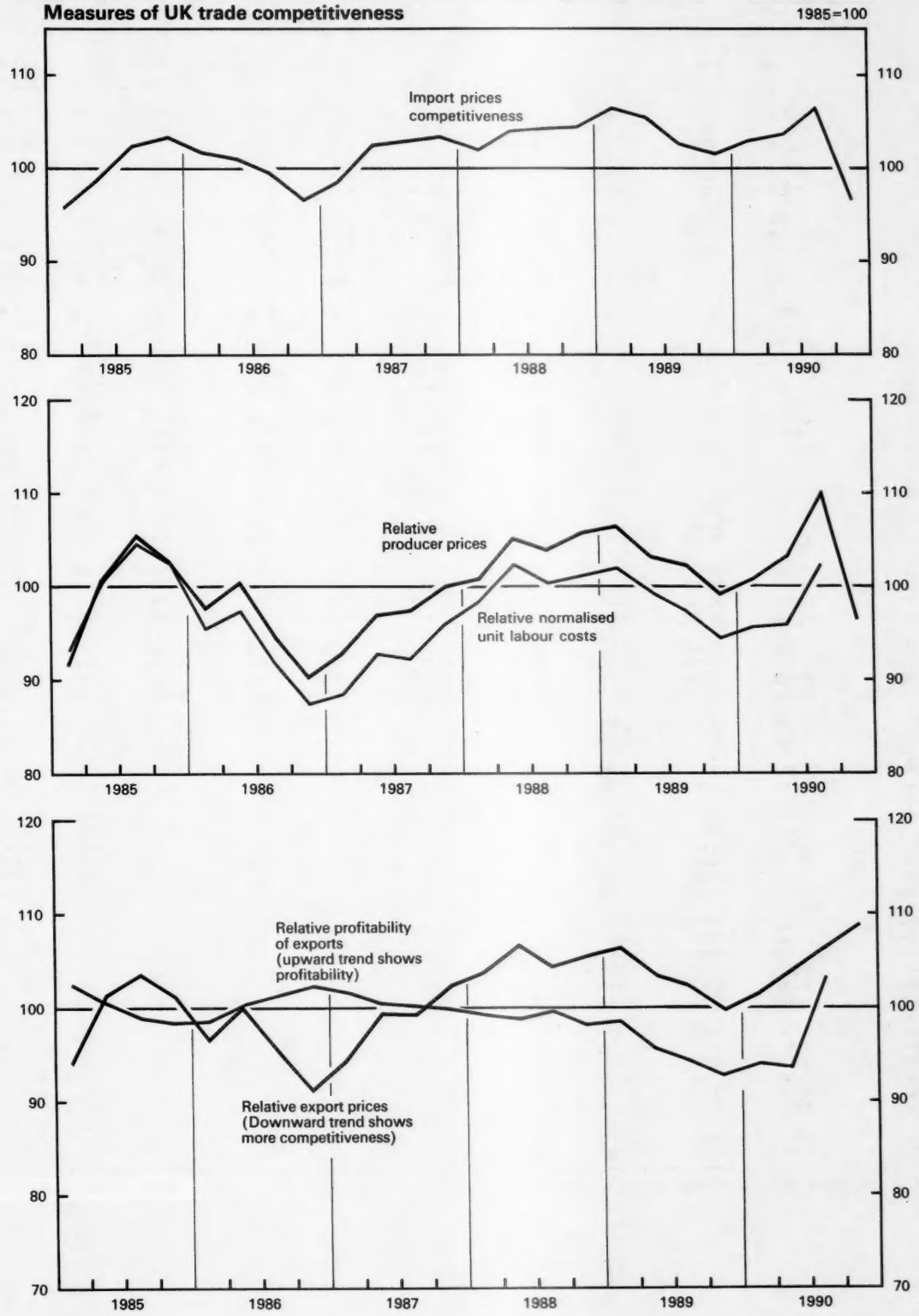
	Summary measures						Export unit value index[2]				
	Relative export prices[3,8]	Relative producer prices[4,8]	IMF index of relative unit labour costs[2] Actual	IMF index of relative unit labour costs[2] Normalised[5,8]	Import price competitiveness[6,8,9]	Relative profitability of exports[7,9]	United Kingdom	United States	Japan	France	Federal Republic of Germany
	FLAA	FLAB	FLAC	FLAD	FLAE	FLAF	FLAG	FLAH	FLAI	FLAJ	FLAK
1986	95.5	95.7	93.2	94.4	99.5	100.4	115.5	103	121	117	133
1987	98.1	96.9	91.0	94.3	102.4	100.0	134.6	106	131	136	156
1988	104.7	103.9	96.9	100.0	103.9	99.2	151.5	111	145	136	159
1989	105.6	102.7	95.4	98.4	104.1	100.5	146.4	114	145	141	157
1988 Q4	105.5	105.8	98.1	101.4	104.6	99.3	155.2	115	147	135	163
1989 Q1	106.2	106.3	98.4	102.1	106.6	99.5	152.9	113	149	135	157
Q2	103.5	103.1	95.8	99.4	105.6	100.1	144.6	115	142	130	151
Q3	102.2	102.2	94.5	97.5	102.6	101.2	144.1	114	141	130	155
Q4	99.9	99.1	92.9	94.7	101.6	101.4	144.1	114	143	144	163
1990 Q1	101.6	100.9	94.0	95.8	103.0	100.6	153.0	114	143	153	172
Q2	104.0	103.5	93.8	96.1	103.7	100.4	157.0	115	137	155	174
Q3	109.8†	110.1	103.6	102.8	106.6	99.4	174.0	115	144	166	184
Q4	..	..	..	..	96.8	96.7	..	..	..	..	..
Percentage change, quarter on corresponding quarter of previous year											
1988 Q4	*4.1*	*5.7*	*4.0*	*4.0*	*0.4*	*-0.4*	*6.9*	*8.5*	*7.3*	*-4.9*	-
1989 Q1	*3.4*	*5.4*	*3.3*	*4.3*	*3.6*	*0.5*	*2.1*	*5.6*	*3.5*	*-6.3*	*-3.1*
Q2	*-2.8*	*-1.9*	*-2.9*	*-2.2*	*1.5*	*1.2*	*-6.8*	*4.5*	*-2.7*	*-7.1*	*-6.2*
Q3	*-1.9*	*-1.7*	*-0.9*	*-1.7*	*-1.5*	*1.5*	*-1.2*	-	*-1.4*	*3.2*	*2.6*
Q4	*-5.3*	*-6.3*	*-5.3*	*-6.6*	*-2.9*	*2.1*	*-7.2*	*-0.9*	*-2.7*	*6.7*	-
1990 Q1	*-4.3*	*-5.1*	*-4.5*	*-6.2*	*-3.4*	*1.1*	*0.1*	*0.9*	*-4.0*	*13.3*	*9.6*
Q2	*0.5*	*0.4*	*-2.1*	*-3.3*	*-1.8*	*0.3*	*8.6*	-	*-3.5*	*19.2*	*15.2*
Q3	*7.4*†	*7.7*	*9.6*	*5.4*	*3.9*	*-1.8*	*20.7*	*0.9*	*2.1*	*27.7*	*18.7*
Q4	..	..	..	..	*-4.7*	*-4.6*	..	..	..	..	..

	Producer price index[2]					Unit labour costs index[2]				
	United Kingdom	United States	Japan	France	Federal Republic of Germany	United Kingdom[10]	United States	Japan	France	Federal Republic of Germany
	FLAL	FLAM	FLAN	FLAO	FLAP	FLAQ	FLAR	FLAS	FLAT	FLAU
1986	118.0	97.8	131.9	131.0	132.5	118	101	146	131	140
1987	137.0	100.4	148.3	153.9	155.9	133	100	165	151	174
1988	155.5	104.9	165.4	158.0	161.6	148	100	177	148	178
1989	150.3	110.0	157.5	150.2	154.4	141	102	165	145	163
1988 Q4	159.2	106.8	168.7	156.2	160.8	148	101	181	145	176
1989 Q1	157.5	108.6	165.3	151.6	156.6	148	102	173	138	169
Q2	148.5	110.4	157.9	147.6	151.0	138	101	162	131	163
Q3	147.2	110.0	154.4	149.4	152.1	138	102	159	132	161
Q4	148.1	110.8	152.9	156.5	161.3	138	103	162	152	171
1990 Q1	157.2	112.4	148.4	168.8	173.1	153	99	156	167	183
Q2	162.1	112.2	142.3	172.4	175.5	157	99	151	174	188
Q3	182.1	114.2	152.1	184.2	185.7	182	99	159	184	196
Percentage change, quarter on corresponding quarter of previous year										
1988 Q4	*7.1*	*4.8*	*6.9*	*-3.2*	*-2.4*	*4.2*	*1.0*	*6.5*	*-6.5*	*-3.8*
1989 Q1	*2.5*	*5.6*	*-0.1*	*-7.4*	*-6.6*	-	*2.0*	*-2.3*	*-10.4*	*-9.1*
Q2	*-7.2*	*5.7*	*-6.1*	*-9.0*	*-8.8*	*-9.8*	*1.0*	*-10.0*	*-14.4*	*-10.9*
Q3	*-1.2*	*4.0*	*-3.1*	*-0.2*	*-0.1*	*-2.8*	*2.0*	*-5.9*	*-5.0*	*-3.0*
Q4	*-7.0*	*3.7*	*-9.4*	*0.2*	*0.3*	*-6.8*	*2.0*	*-10.5*	*4.8*	*-2.8*
1990 Q1	*-0.2*	*3.5*	*-10.2*	*11.3*	*10.5*	*3.4*	*-2.9*	*-9.8*	*21.0*	*8.3*
Q2	*9.2*	*1.6*	*-9.9*	*16.8*	*16.2*	*13.8*	*-2.0*	*-6.8*	*32.8*	*15.3*
Q3	*23.7*	*3.8*	*-1.5*	*23.3*	*22.1*	*31.9*	*-2.9*	-	*39.4*	*21.7*

1 SITC Sections 5-8.
2 All the indicies are shown in US dollars.
3 UVI of UK exports of manufactures divided by 1985 weighted averages of UVI of competitors' exports of manufactures, both expressed in US dollars.
4 UK PPI of manufactures divided by 1985 weighted averages of competitors' indicies of output prices of manufactures, both expressed in US dollars.
5 Index of UK ULC per unit of output divided by weighted averages of competitors' indicies of labour costs (both expressed in US dollars), adjusted for variations in productivity.
6 UK PPI of home sales of manufactures (weighted by 1985 import values) divided by the UVI of imports of manufactures, adjusted for tariffs.
7 UK UVI of exports of manufactures divided by UK producer prices of output of manufactures (weighted by 1985 export values). Upward trend implies improvement in profitability of export sales compared with home sales.
8 Downward trend implies UK more competitive.
9 Excludes erractics (ships, North Sea Installations, aircrafts, precious stones, and silver bullion).
10 The method of calculating whole economy unit wage cost is described in Employment Gazette May 1986.

Sources: Department of Trade and Industry; Department of Employment; International Monetary Fund

Measures of UK trade competitiveness



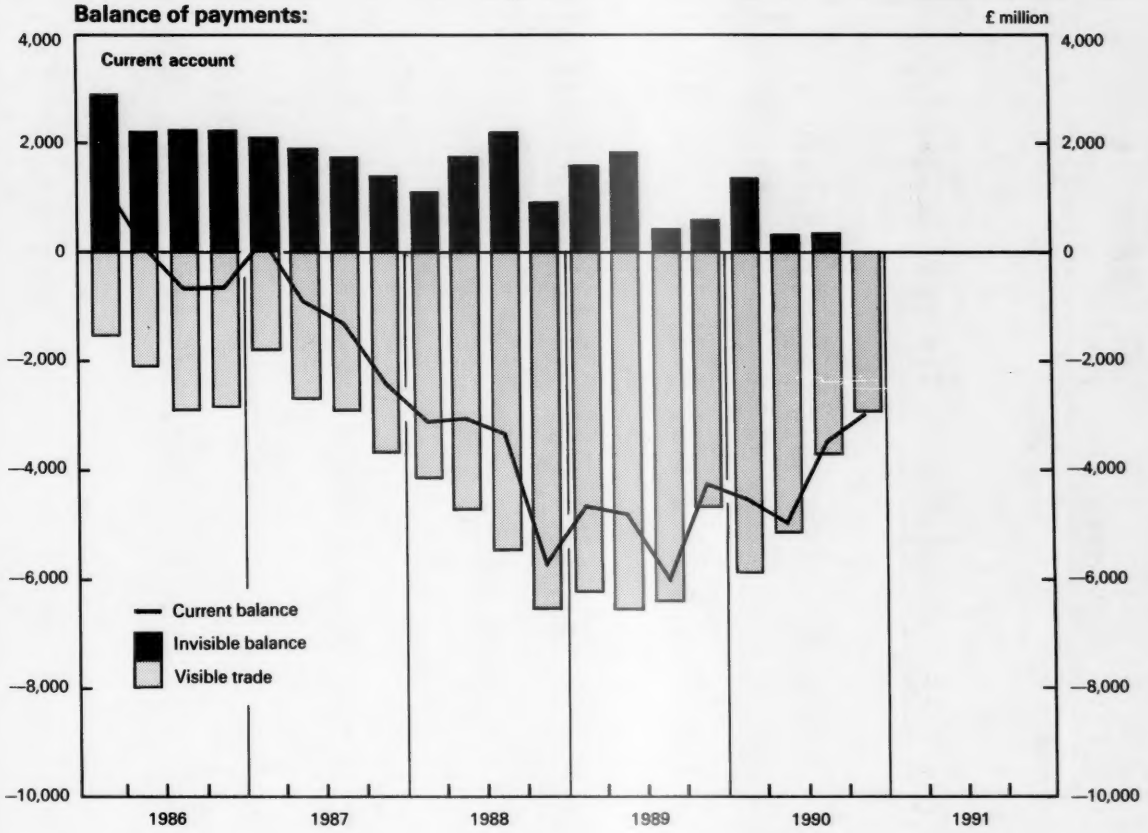
27 Balance of payments: current account

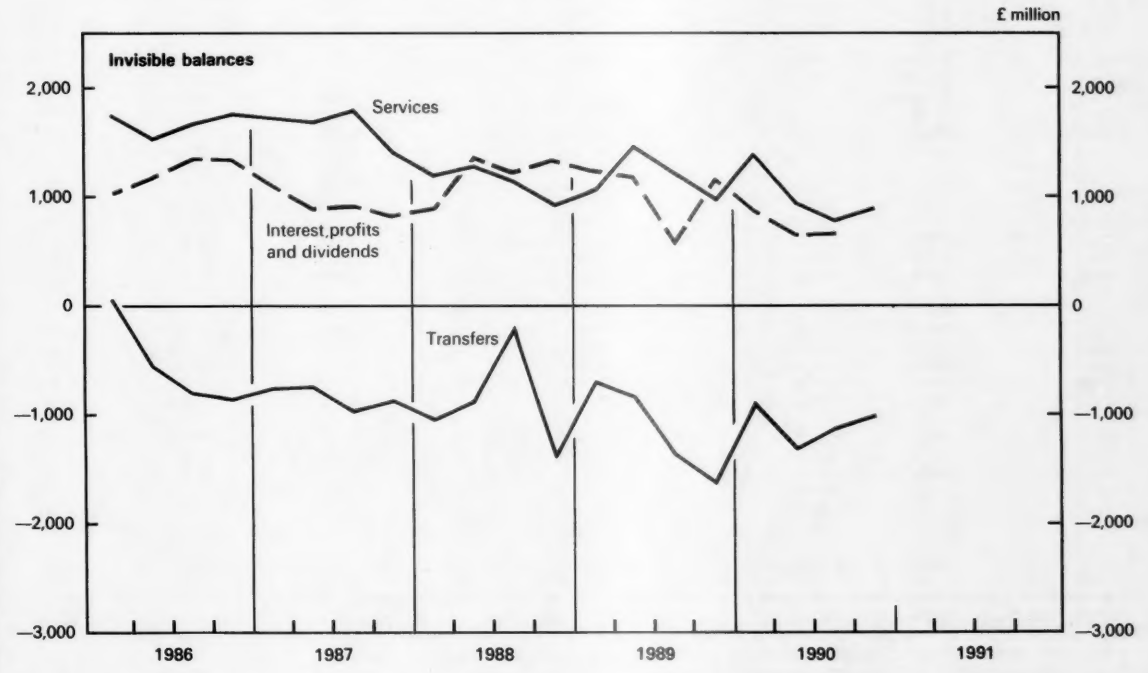
£ million

	Visible trade			Invisibles						
						Balances				
	Exports (f.o.b.)+	Imports (f.o.b.)+	Balance	Credits	Debits	Services	IPD	Transfers	Total[1]	Current balance
	CGKG	CGHK	AIMA	CGKR	CGHT	AIMC	AIMD	AIME	AIMB	AIMF
1980	47 149	45 792	1 357	41 222	39 736	3 653	-182	-1 984	1 487	2 843
1981	50 668	47 416	3 252	57 269	53 773	3 792	1 251	-1 547	3 496	6 748
1982	55 331	53 421	1 910	65 360	62 621	3 022	1 460	-1 741	2 741	4 649
1983	60 700	62 237	-1 537	65 803	60 479	4 064	2 854	-1 593	5 325	3 787
1984	70 265	75 601	-5 336	77 516	70 348	4 519	4 379	-1 730	7 168	1 832
1985	77 991	81 336	-3 345	80 157	74 074†	6 687	2 507†	-3 111	6 083†	2 738†
1986	72 656	82 020†	-9 485	77 248	67 829	6 696	4 881	-2 157	9 420	-66
1987	79 446	90 670	-11 224	79 857	72 955	6 628	3 677	-3 402	6 903	-4 321
1988	80 776	101 853	-21 077	87 999†	82 464	4 545†	4 536	-3 546	5 535	-15 542
1989	92 831†	116 829	-23 998	108 448	104 354	4 891	3 781	-4 578	4 094	-19 904
1990	102 746	120 657	-17 911	118 236	113 119	4 406	5 134	-4 421†	5 119	-12 792
1986 Q1	18 129†	19 938†	-1 580	19 163	16 333	1 735	1 028	67	2 830	1 250
Q2	18 006	19 807	-2 103	18 811	16 652	1 532	1 171	-544	2 159	56
Q3	17 637	20 607	-2 916	19 392	17 169	1 676	1 350	-803	2 223	-693
Q4	18 884	21 668	-2 886	19 882	17 675	1 753	1 332	-877	2 208	-679†
1987 Q1	19 743	21 495	-1 752	19 801	17 756†	1 727†	1 085	-766	2 046†	294
Q2	19 346	22 106	-2 760	20 045	18 232	1 701	872†	-759	1 814	-946
Q3	20 392	23 366	-2 974	20 252	18 527	1 802	905	-982	1 725	-1 249
Q4	19 965	23 703	-3 738	19 759	18 440	1 398	815	-895	1 318	-2 420
1988 Q1	19 315	23 497	-4 182	20 698†	19 711	1 200	839	-1 052	987	-3 195
Q2	20 115	24 912	-4 797	21 558	19 902	1 273	1 277	-894	1 656	-3 141
Q3	20 965	26 464	-5 499	22 690	20 617	1 146	1 136	-209	2 073	-3 426
Q4	20 381	26 980	-6 599	23 053	22 234	926	1 284	-1 391	819	-5 780
1989 Q1	21 861	28 071	-6 210	25 770	24 141	1 089	1 248	-708	1 629	-4 581
Q2	22 382	28 992	-6 610	27 369	25 531	1 509	1 173	-844	1 838	-4 772
Q3	23 640	30 064	-6 424	26 656	26 329	1 268	455	-1 396	327	-6 097
Q4	24 948	29 702	-4 754	28 653	28 353	1 025	905	-1 630	300	-4 454
1990 Q1	25 350	31 255	-5 905	29 172	28 052	1 376	669	-925†	1 120	-4 785
Q2	25 867	31 151	-5 284	28 823	28 262	1 191	673	-1 303	561	-4 723
Q3	25 588	29 336	-3 748	29 256	27 951	961	1 456	-1 112	1 305	-2 443
Q4	25 941	28 915	-2 974	30 985	28 854	878	2 336	-1 081	2 133	-841
1989 Feb	7 036†	9 292†	-2 256	..	..	..	..	..	543†	-1 713†
Mar	7 424	9 440	-2 016	..	..	..	..	..	543	-1 473
Apr	7 133	9 447	-2 314	..	..	..	..	..	613	-1 701
May	7 501	9 641	-2 140	..	..	..	..	..	612	-1 528
Jun	7 748	9 904	-2 156	..	..	..	..	..	613	-1 543
Jul	7 851	9 777	-1 926	..	..	..	..	..	109	-1 817
Aug	7 692	10 017	-2 325	..	..	..	..	..	109	-2 216
Sep	8 097	10 270	-2 173	..	..	..	..	..	109	-2 064
Oct	8 082	9 873	-1 791	..	..	..	..	..	100	-1 691
Nov	8 029	10 025	-1 996	..	..	..	..	..	100	-1 896
Dec	8 837	9 804	-967	..	..	..	..	..	100	-867
1990 Jan	8 512	10 615	-2 103	..	..	..	..	..	373	-1 730
Feb	8 430	9 960	-1 530	..	..	..	..	..	374	-1 156
Mar	8 408	10 680	-2 272	..	..	..	..	..	373	-1 899
Apr	8 522	10 635	-2 113	..	..	..	..	..	187	-1 926
May	8 809	10 319	-1 510	..	..	..	..	..	187	-1 323
Jun	8 536	10 197	-1 661	..	..	..	..	..	187	-1 474
Jul	8 190	9 989	-1 799	..	..	..	..	..	435	-1 364
Aug	8 498	9 755	-1 257	..	..	..	..	..	435	-822
Sep	8 900	9 592	-692	..	..	..	..	..	435	-257
Oct	8 732	9 847	-1 115	..	..	..	..	..	711	-404
Nov	8 738	9 742	-1 004	..	..	..	..	..	711	-293
Dec	8 471	9 326	-855	..	..	..	..	..	711	-144
1991 Jan	8 322	9 605	-1 283†	..	..	..	..	..	500	-783
Feb	8 353	9 045	-692	..	..	..	..	..	500	-192

1 Monthly data is one third of the appropriate calendar quarter's estimate or projection.

Balance of payments:





28 Sterling exchange rates and UK official reserves

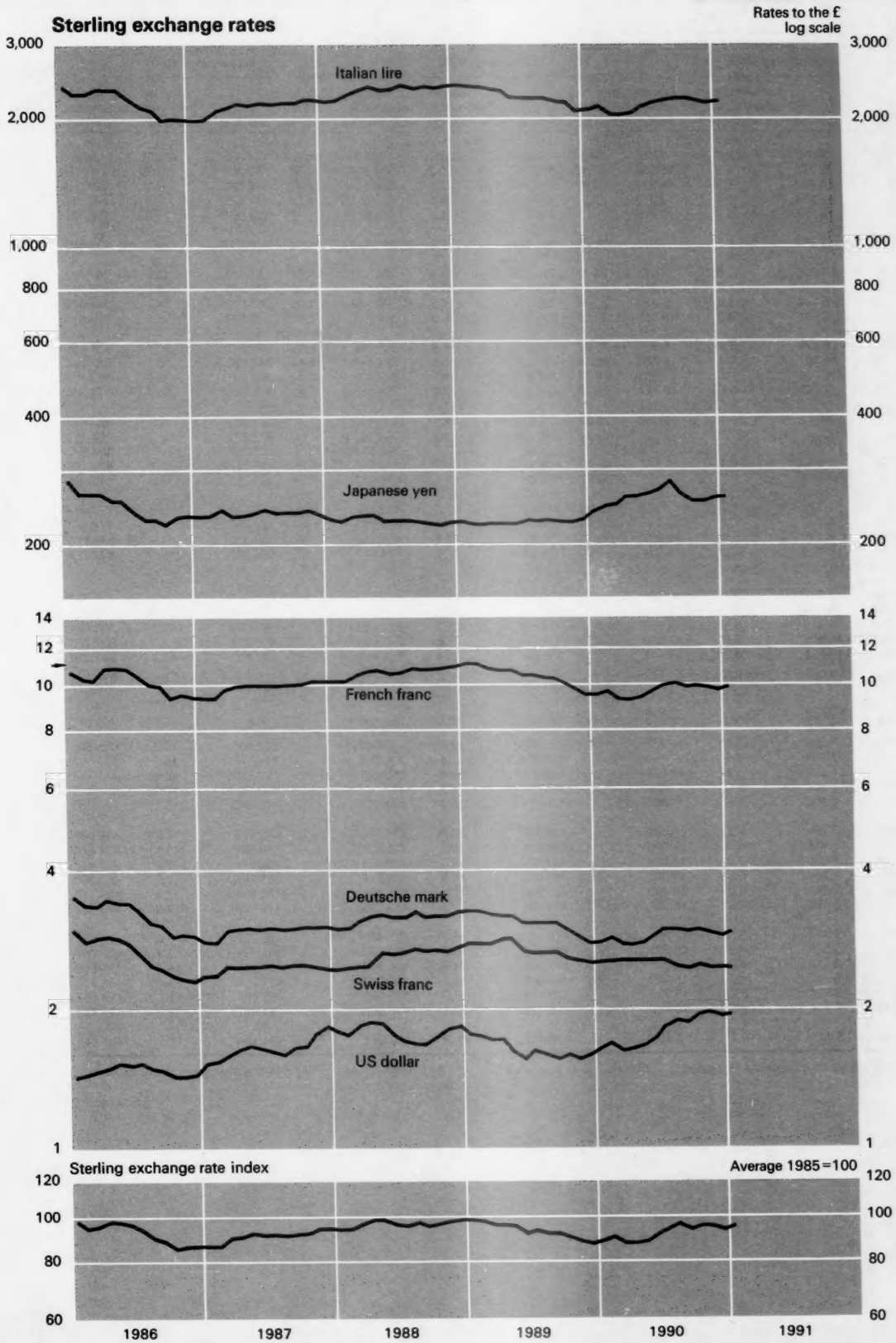
Not seasonally adjusted

	Sterling exchange rate against major currencies[1]						UK official reserves[2] at end of period ($ million)	Sterling exchange rate index (average 1985=100)
	Japanese yen	US dollar	Swiss franc	French franc	Italian lira	Deutsche-mark		
	AJFO	AJFA	AJFD	AJFE	AJFF	AJFH	AIPI	AJHV
1982	435.21	1.7489	3.5481	11.4851	2 364	4.243	16 997	113.7
1983	359.89	1.5158	3.1820	11.5469	2 302	3.870	17 817	105.3
1984	316.80	1.3364	3.1291	11.6365	2 339	3.790	15 694	100.6
1985	307.08	1.2976	3.1550	11.5495	2 463	3.784	15 543	100.0
1986	246.80	1.4672	2.6350	10.1569	2 186	3.183	21 923	91.5
1987	236.50	1.6392	2.4394	9.8369	2 123	2.941	44 326	90.1
1988	227.98	1.7796	2.6030	10.5969	2 315	3.124	51 685	95.5
1989	225.66	1.6383	2.6780	10.4476	2 247	3.079	38 645	92.6
1990	257.38	1.7864	2.4687	9.6891	2 133	2.876	38 464	91.3
1986 Q2	256.40	1.5090	2.8132	10.7712	2 322	3.387	19 188	96.1
Q3	232.27	1.4891	2.5146	10.1009	2 140	3.109	22 426	90.2
Q4	229.22	1.4304	2.3783	9.3934	1 986	2.868	21 923	85.1
1987 Q1	236.20	1.5431	2.3848	9.4501	2 015	2.837	27 039	86.7
Q2	234.14	1.6410	2.4484	9.8908	2 134	2.964	34 364	90.4
Q3	237.82	1.6184	2.4670	9.9197	2 152	2.974	34 808	90.5
Q4	237.69	1.7535	2.4565	10.0821	2 188	2.989	44 326	92.7
1988 Q1	230.03	1.7972	2.4733	10.1923	2 221	3.013	47 519	93.5
Q2	231.18	1.8390	2.6114	10.6374	2 334	3.142	48 519	96.6
Q3	226.76	1.6951	2.6525	10.7159	2 349	3.165	50 482	95.2
Q4	224.05	1.7915	2.6755	10.8460	2 356	3.175	51 685	96.7
1989 Q1	224.37	1.7477	2.7624	10.9948	2 370	3.233	46 931	97.1
Q2	224.29	1.6259	2.7548	10.6306	2 287	3.140	43 665	93.6
Q3	227.17	1.5971	2.6486	10.3854	2 212	3.071	42 876	91.7
Q4	226.77	1.5849	2.5479	9.7891	2 119	2.876	38 645	88.1
1990 Q1	245.05	1.6565	2.4938	9.4982	2 078	2.800	39 295	88.1
Q2	260.04	1.6761	2.4163	9.4562	2 065	2.812	39 014	88.6
Q3	270.33	1.8617	2.4871	9.9425	2 190	2.965	39 060	94.2
Q4	254.23	1.9462	2.4752	9.8484	2 197	2.923	38 464	94.1
1988 Jun	226.52	1.7790	2.6001	10.5517	2 320	3.124	48 519	95.3
Jul	226.87	1.7042	2.6126	10.5953	2 328	3.144	49 826	94.7
Aug	227.09	1.6983	2.6895	10.8558	2 373	3.207	50 639	96.1
Sep	226.31	1.6833	2.6536	10.6910	2 344	3.142	50 482	94.8
Oct	223.87	1.7382	2.6744	10.7879	2 354	3.160	50 048	95.7
Nov	222.71	1.8090	2.6532	10.8030	2 350	3.162	51 040	96.6
Dec	225.71	1.8282	2.7013	10.9541	2 365	3.207	51 685	97.7
1989 Jan	225.78	1.7748	2.7695	11.0940	2 386	3.256	51 705	97.9
Feb	223.89	1.7541	2.7614	11.0494	2 376	3.245	51 683	97.3
Mar	223.43	1.7146	2.7562	10.8435	2 350	3.199	46 931	95.9
Apr	224.67	1.7022	2.8014	10.7562	2 333	3.181	47 256	95.4
May	224.69	1.6295	2.8181	10.7274	2 307	3.172	46 087	94.3
Jun	223.57	1.5532	2.6519	10.4239	2 227	3.072	43 665	91.1
Jul	228.26	1.6244	2.6471	10.4244	2 223	3.074	43 631	92.3
Aug	225.40	1.5955	2.6487	10.3821	2 208	3.074	43 208	91.6
Sep	227.94	1.5715	2.6501	10.3499	2 206	3.065	42 876	91.3
Oct	225.69	1.5882	2.5894	10.0567	2 174	2.963	39 681	89.7
Nov	225.65	1.5724	2.5452	9.7825	2 113	2.877	38 767	87.9
Dec	229.30	1.5957	2.5031	9.4871	2 063	2.776	38 645	86.5
1990 Jan	239.48	1.6523	2.5046	9.5095	2 084	2.793	38 448	87.9
Feb	246.99	1.6962	2.5236	9.6533	2 110	2.843	38 537	89.6
Mar	248.86	1.6246	2.4560	9.3460	2 042	2.769	39 295	87.0
Apr	259.21	1.6374	2.4330	9.2758	2 028	2.761	39 028	87.1
May	258.00	1.6778	2.3792	9.3920	2 049	2.790	38 934	88.0
Jun	262.83	1.7094	2.4381	9.6837	2 114	2.879	39 014	90.4
Jul	269.48	1.8081	2.5166	9.9337	2 169	2.962	38 842	93.5
Aug	280.13	1.8998	2.4862	10.0084	2 198	2.983	39 297	95.3
Sep	260.49	1.8786	2.4555	9.8798	2 203	2.950	39 060	93.8
Oct	252.32	1.9454	2.4936	9.9312	2 222	2.965	38 572	94.8
Nov	253.49	1.9647	2.4675	9.8225	2 193	2.917	38 470	94.2
Dec	257.41	1.9257	2.4619	9.7782	2 170	2.879	38 464	93.3
1991 Jan	258.60	1.9348	2.4593	9.9181	2 195	2.920	38 368	94.1
Feb	256.33†	1.9657†	2.4917†	9.9019†	2 183†	2.909†	41 794†	94.3†

1 Average of daily Telegraphic Transfer rates in London.

2 Apart from transactions, the level of official reserves is affected by changes in the dollar valuation of gold, Special Drawing Rights and convertible currencies. Since end-March 1979 these rates have been revised annually. These valuation changes are described in detail in the description of Table 10.3 in the *Financial Statistics Explanatory Handbook*, where the values of the annual changes are also shown.

Sources: Bank of England; HM Treasury


Sterling exchange rates
Rates to the £
log scale
3,000
2,000
1,000
800
600
400
200
Italian lire
Japanese yen
14
12
10
8
6
4
2
1
French franc
Deutsche mark
Swiss franc
US dollar
Sterling exchange rate index
Average 1985=100
120
100
80
60
1986
1987
1988
1989
1990
1991

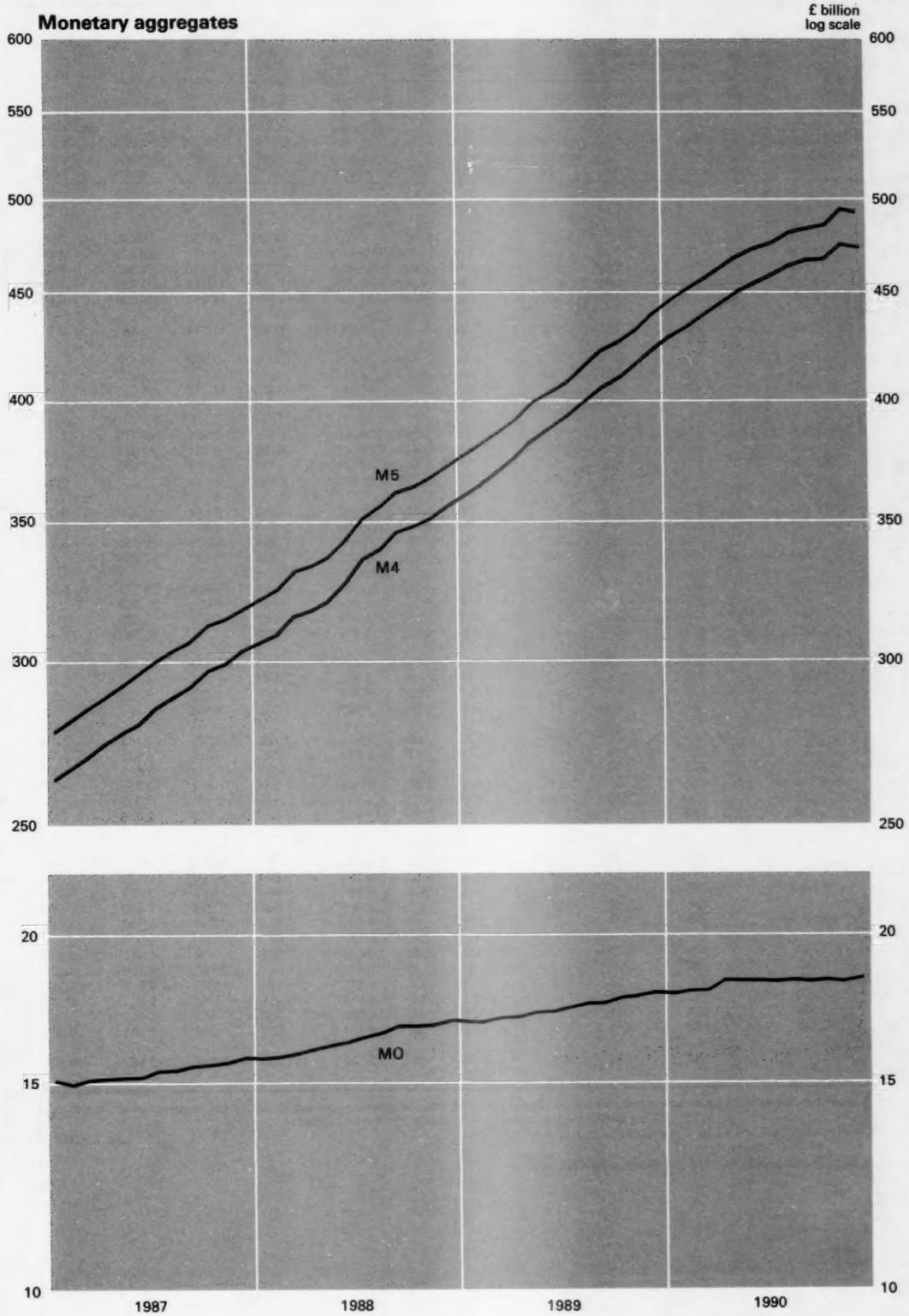
29 Monetary aggregates[1]

	M0+				M4+				M5			
	Amount outstanding[2] (NSA)				Amount outstanding (NSA)				Amount outstanding (NSA)			
	£ million	Annual percentage change	Amount outstanding (£ million)	Velocity of circulation: ratio	£ million	Annual percentage change	Amount outstanding (£ million)	Velocity of circulation: ratio	£ million	Annual percentage change	Amount outstanding (£ million)	Velocity of circulation: ratio
	AVAD	AVAK	AVAE	AVAM	AUYM	AUZP	AUYN	AUYU	AVEE	AUZV	AJWB	AUYY
1987	15 338	*4.6*	15 334	27.47	303 755	*16.3*	303 217	1.50	319 209	15.8	318 625	1.42
1988	16 402	*6.9*	16 377	28.67	357 302	*17.6*	356 150	1.43	372 536	16.7	371 344	1.36
1989	17 334	*5.9*	17 312	29.51	425 604	*18.4*	424 017	1.31	442 585	18.1	440 980	1.26
1990	18 230	*5.3*	18 209	..	476 774†	*12.2*	474 687†	..	494 887†	11.9†	492 789†	..
1986 Q4	15 159	*5.1*	14 922	26.58	261 073	*15.4*	261 086	1.54	276 203	14.7	276 189	1.46
1987 Q1	14 808	*3.9*	15 073	26.68	270 139	*14.1*	269 932	1.51	284 173	13.5	284 098	1.44
Q2	15 131	*4.6*	15 219	27.27	281 119	*13.9*	280 106	1.50	295 893	13.6	294 846	1.43
Q3	15 519	*5.0*	15 410	27.84	291 932	*14.9*	290 129	1.50	307 042	14.4	304 976	1.42
Q4	15 894	*4.9*	15 633	28.09	303 755	*16.3*	303 217	1.48	319 209	15.8	318 625	1.40
1988 Q1	15 622	*5.5*	15 882	28.27	315 524	*16.8*	315 066	1.45	331 377	16.6	331 055	1.38
Q2	16 107	*6.4*	16 225	28.58	328 299	*16.8*	327 141	1.44	343 639	16.1	342 385	1.37
Q3	16 708	*7.6*	16 583	28.73	346 273	*18.7*	343 633	1.41	362 161	18.0	359 256	1.35
Q4	17 169	*8.0*	16 817	29.10	357 302	*17.6*	356 150	1.40	372 536	16.7	371 344	1.34
1989 Q1	16 732	*7.1*	16 966	29.39	372 341	*18.1*	371 430	1.37	387 593	17.1	386 877	1.31
Q2	17 001	*5.7*	17 131	29.62	391 106 391 051	*18.5*	388 767 388 712	1.33	407 373 407 318	18.0	404 732 404 677	1.28
Q3	17 539	*5.3*	17 421	29.38	409 524	*17.5*	406 765	1.28	426 147	16.9	423 163	1.23
Q4	18 064	*5.5*	17 731	29.67	425 604	*18.4*	424 017	1.27	442 585	18.1	440 980	1.22
1990 Q1	17 627	*5.7*	17 932	29.96	441 922	*18.0*	440 454	1.24	458 671	17.7	457 447	1.19
Q2	18 233	*7.4*	18 292	29.93	459 526	*17.4*	456 299	1.22	477 799	17.2	474 127	1.17
Q3	18 419	*5.0*	18 297	30.04	470 035†	*14.9*	466 840†	1.19	488 005†	14.7	484 606†	1.15
Q4	18 642	*3.2*	18 314	..	476 774	*12.2*	474 687	..	494 887	11.9†	492 789	..
Calendar month												
1989 Jan	16 876	*7.9*	16 929	..	359 476	*18.1*	361 173	..	374 843	17.3	376 836	..
Feb	16 504	*6.6*	16 937	..	362 402	*18.6*	366 548	..	377 551	17.9	382 167	..
Mar	16 815	*6.8*	17 032	..	372 341	*18.1*	371 430	..	387 593	17.1	386 877	..
Apr	16 825	*5.0*	17 050	..	374 421	*17.8*	376 406	..	390 352	17.2	392 283	..
May	17 088	*6.5*	17 145	..	381 549	*18.1*	383 440	..	397 461	17.4	399 328	..
Jun	17 089	*5.5*	17 199	..	391 106 391 051	*18.5*	388 767 388 712	..	407 373 407 318	18.0	404 732 404 677	..
Jul	17 408 17 410	*5.2*	17 219 17 290	..	394 404	*16.5*	393 600	..	410 810	16.0	409 877	..
Aug	17 703	*6.1*	17 482	..	400 485	*17.4*	400 547	..	416 721	16.8	416 695	..
Sep	17 504	*4.5*	17 490	..	409 524	*17.5*	406 765	..	426 147	16.9	423 163	..
Oct	17 521	*5.3*	17 634	..	412 231	*17.4*	410 827	..	428 616	16.8	427 142	..
Nov	17 666	*5.6*	17 699	..	416 708	*17.5*	417 052	..	433 156	16.9	433 476	..
Dec	19 006	*5.6*	17 860	..	425 604	*18.4*	424 017	..	442 585	18.1	440 980	..
1990 Jan	17 764	*5.6*	17 839	..	428 791	*18.7*	430 152	..	445 243	18.2	446 896	..
Feb	17 518	*6.4*	17 976	..	431 615	*18.4*	435 801	..	448 167	18.1	452 844	..
Mar	17 600	*5.0*	17 981	..	441 922	*18.0*	440 454	..	458 671	17.7	457 447	..
Apr	18 264	*8.8*	18 298	..	443 838	*18.0*	446 210	..	461 165	17.6	463 390	..
May	18 241	*7.0*	18 289	..	449 290	*17.6*	451 751	..	466 829	17.3	469 273	..
Jun	18 194	*6.5*	18 288	..	459 526	*17.4*	456 299	..	477 799	17.2	474 127	..
Jul	18 365	*5.5*	18 254	..	460 146†	*16.8*	459 961†	..	478 001†	16.5	477 735†	..
Aug	18 573	*4.9*	18 327	..	463 548	*15.9*	464 086	..	481 721	15.7	482 214	..
Sep	18 319	*4.7*	18 311	..	470 035	*14.9*	466 840	..	488 005	14.7	484 606	..
Oct	18 217	*4.0*	18 339	..	469 588	*14.2*	468 247	..	487 868	14.1	486 513	..
Nov	18 224	*3.2*	18 255	..	475 108	*14.2*	475 763	..	493 884	14.2	494 552	..
Dec	19 484	*2.5*	18 348	..	476 774	*12.2*	474 687	..	494 887	11.9†	492 789	..
1991 Jan	18 437†	*3.8†*	18 459†	..	476 401	*11.2†*	477 344	..	494 426	11.1	495 642	..

1 A fuller range of monetary aggregates is published monthly in *Financial Statistics*.

2 The monthly figures for M0 give the average of the amounts outstanding each Wednesday during the calendar month.

Source: Bank of England


Monetary aggregates
£ billion
log scale
600
550
500
450
400
350
300
250
M5
M4
20
15
10
M0
1987
1988
1989
1990

30 Counterparts to changes in money stock M4[1]

£ million, not seasonally adjusted

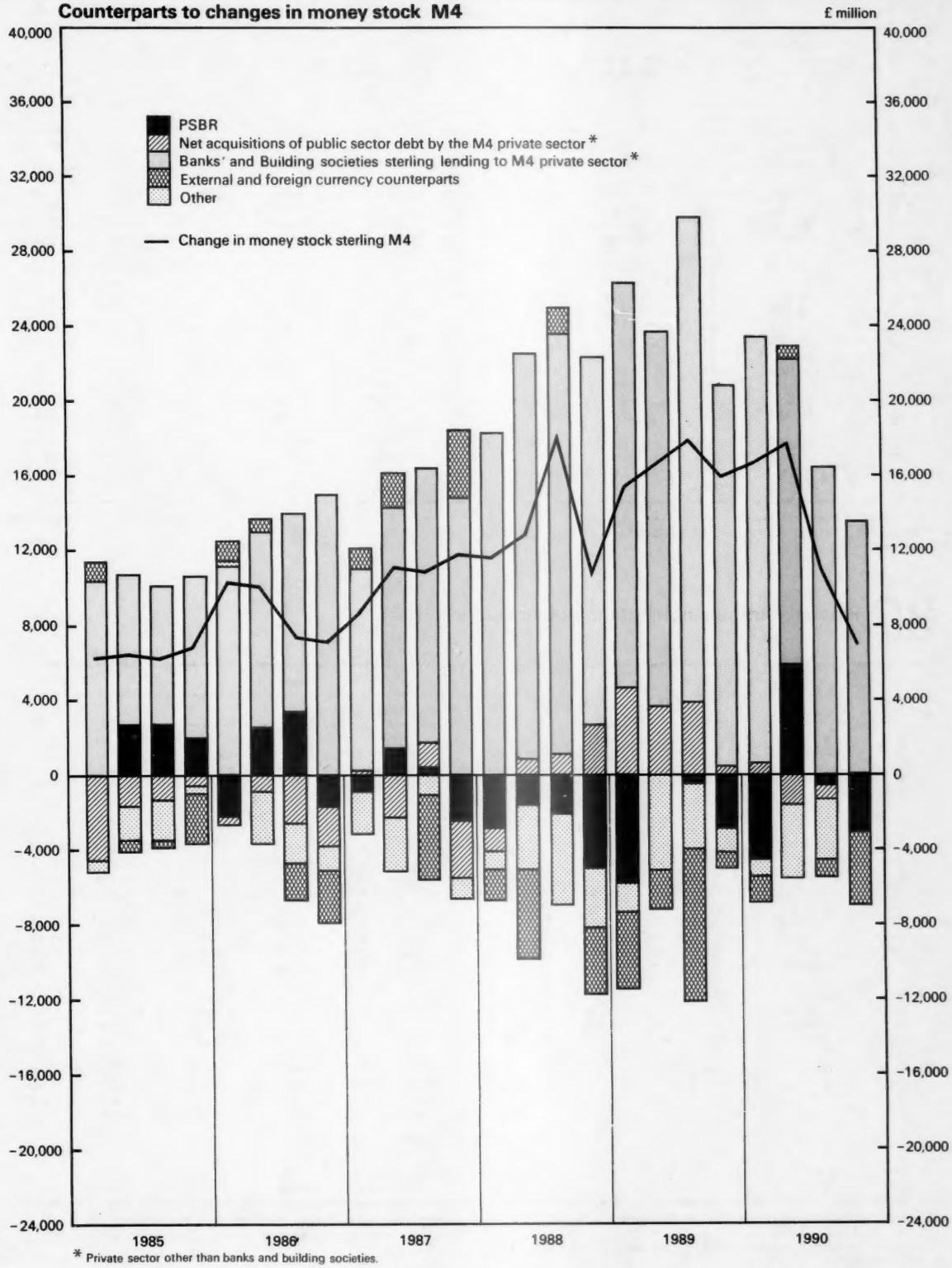
	Public Sector Borrowing Requirement	Purchases by the M4[2] private sector of: Central government debt: British government stocks	Central government debt: Other	Other public sector debt	External and foreign currency financing of public sector: Purchase of British government stocks by overseas sector	External and foreign currency financing of public sector: Other	Banks' and Building Societies' sterling lending to the M4 private sector	External and foreign currency transactions of UK banks and building societies	Net non-deposit sterling liabilities of the banks and building societies	Domestic counterparts	External and foreign currency counterparts	M4
	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*
	ABEN	AVBY	AVBU	AVBV	-AARC	AQGA	AVBS	AVBW	AVBX	AVBN	AVBP	AUZI
1987	-1 436	-2 107	-2 700	833	-4 349	11 535	53 418	-5 011	-7 481	48 010	1 962	42 491
1988	-11 592	4 094	-1 063	700	-840†	4 176	82 203	-11 773	-12 460	74 340	-8 439	53 441
1989	-9 162	11 900	640	315	1 897	-5 380	88 255	-11 559	-11 169	91 949	-15 041	65 739
1990	-2 177†	1 277†	-1 643†	-1 066†	4 453	-246†	69 182†	-10 051†	-7 987†	65 569†	-5 852†	51 730†
1986 Q4	-1 690	-1 659	-387	-39	-790	-151	14 937	-1 842	-1 277	11 161	-2 787	7 097
1987 Q1	-827	665	-679	207	-654	1 347	10 775	186	-2 258	10 139	810	8 691
Q2	1 410	-1 408	-1 008	105	-1 125	4 024	12 970	-876	-2 823	12 070	1 876	11 123
Q3	452	1 434	-555	373	-2 365	260	14 746	-2 360	-1 148	16 451	-4 433	10 870
Q4	-2 471	-2 798	-458	148	-205	5 904	14 927	-1 961	-1 252	9 350	3 709	11 807
1988 Q1	-2 799	-648	-454	-77	-494†	1 636	18 298	-2 771	-1 021	14 318	-1 626	11 671
Q2	-1 689	871	-198	218	-520	658	21 774	-4 780	-3 454	20 977	-4 642	12 881
Q3	-2 108	1 427	-462	204	57	1 092	22 471	276	-4 801	21 533	1 419	18 151
Q4	-4 996	2 444	51	355	117	790	19 660	-4 498	-3 184	17 512	-3 590	10 738
1989 Q1	-5 732	4 496	245	20	358	-224	21 795	-4 042	-1 614	20 826	-3 907	15 305
Q2	-21	3 883	-514	263	1 040	-2 122	20 104	-1 113	-4 949	23 714	-2 195	16 570
Q3	-446	3 243	595	98	-617	-634	25 961	-6 809	-3 505	29 450	-8 059	17 886
Q4	-2 963	278	314	-66	1 116	-2 400	20 395	405	-1 101	17 959	-880	15 978
1990 Q1	-4 507	784†	194	-262	1 545	296	22 870	-3 402	-868	19 079†	-1 561†	16 650
Q2	5 951	-237	-913†	-295†	854	-1 160	16 363†	1 091†	-4 031	20 869	774	17 612
Q3	-538†	-141	-546	-62	523	-850	16 317	-680	-3 134	15 033	-1 012	10 887†
Q4	-3 083	871	-378	-447	1 531	1 468†	13 632	-7 060	46†	10 588	-4 053	6 581
1989 Mar	2 180	992	105	18	569	-514	9 885	-494	-2 698	13 182	-439	10 045
Apr	-881	877	-101	-132	757	31	4 960	-2 552	-1 264	4 723	-1 764	1 695
May	149	1 225	-75	314	27	-596	6 041	197	-1 837	7 654	-372	5 445
Jun	711	1 781	-338	81	256	-1 557	9 103	1 242	-1 848	11 337	-59	9 430
Jul	-1 464	519	-21	280	-276	186	7 839	-3 125	-1 293	7 153	-3 215	2 645
Aug	701	2 051	279	-140	-841	-339	6 779	-1 791	-619	9 671	-2 971	6 081
Sep	317	673	337	-42	501	-481	11 343	-1 893	-1 593	12 626	-1 873	9 160
Oct	-2 800	1 414	-1	81	101	-2 083	5 086	1 391	-474	3 781	-591	2 716
Nov	335	4	332	132	418	-474	4 400	495	-1 162	5 203	439	4 480
Dec	-498	-1 140	-17	-279	596	157	10 909	-1 481	535	8 975	-728	8 782
1990 Jan	-5 240	659†	103	-39	133†	781	5 553	329	1 201	1 036†	1 243†	3 480
Feb	-992	396	-96	35	537	-166	6 594	-1 838	-1 643	5 937	-1 467	2 827
Mar	1 725	-271	187	-258	875	-319	10 723	-1 893	-426	12 106	-1 337	10 343
Apr	2 039†	-670	-530†	-89	645	-635	2 390	-804†	-443†	3 139	-794	1 902
May	1 591	208	-12	-227	323	-624	5 468	1 007	-2 273	7 030	706	5 463
Jun	2 321	225	-371	21†	-125	99	8 505†	888	-1 315	10 700	862	10 247
Jul	-2 854	446	-303	-124	307	253	4 449	-1 932	432	1 614	-1 372	674†
Aug	845	-66	-276	114	-6	87	3 491	1 541	-2 140	4 109	1 622	3 591
Sep	1 471	-521	33	-52	217	-1 190	8 377	-289	-1 426	9 310	-1 262	6 622
Oct	-2 269	1 142	-496	-276	430	110	4 519	-3 281	80	2 622	-2 741	-39
Nov	1 304	491	-441	-261	528	437	4 692	-752	-593	5 783	213	5 403
Dec	-2 118	-762	559	90	581	921†	4 421	-3 027	559	2 183	-1 525	1 217
1991 Jan	-5 236	137	-194	94	-376	324	3 109	-1 900	3 739	-2 057	-1 952	-270
Feb	-720	..	..	..	-553	..	..	..	..	..	..	..

For most periods the relationships between the columns are as follows: 10 = 1+2+3+4+7; 11 = 5+6+8; 12 = 9+10+11. Due to the inclusion of the latest PSBR information, the figures for more recent periods may not add exactly.

1 A wider range of figures is published monthly in *Financial Statistics*.

2 The M4 private sector comprises all UK residents other than the public sector, banks and building societies.

Source: Bank of England


Counterparts to changes in money stock M4
£ million
PSBR
Net acquisitions of public sector debt by the M4 private sector *
Banks' and Building societies sterling lending to M4 private sector *
External and foreign currency counterparts
Other
Change in money stock sterling M4
40,000
36,000
32,000
28,000
24,000
20,000
16,000
12,000
8,000
4,000
0
-4,000
-8,000
-12,000
-16,000
-20,000
-24,000
1985
1986
1987
1988
1989
1990
* Private sector other than banks and building societies.

31 General government receipts and expenditure

£ million, not seasonally adjusted

	General government									
	Receipts[1]		Expenditure							
			Goods and services		Current and capital transfers					
	Taxes, social security contributions, community charge and royalties.	Trading income, rent, interest, etc	Final consumption	Gross domestic capital formation	Current grants and subsidies	Capital transfers	Debt interest	Net lending etc[2]	Total	Public expenditure planning total
	GTEA	ABKB	AAXI	ABKC	ABKD	AAYG	AAXL	ABAA	ABAB	ABAZ
1988	174 589†	13 073†	91 938†	5 748†	63 238†	3 826†	18 072†	-5 075	177 747†	145 281†
1989	188 432	14 248	99 200	8 531	66 794	4 238	18 614	-1 288†	196 089	160 452
1990	203 931	13 971	108 880	11 841	72 206	9 181	18 445	-8 158	212 695	177 549
1987 Q4	41 845†	3 219†	22 053†	1 612	15 453†	794†	3 976	-1 184	42 704†	35 624†
1988 Q1	45 993	3 331	23 079	2 742†	16 381	1 056	5 050	646	48 954	39 953
Q2	39 130	3 160	22 448	1 004	15 570	659	3 768	-2 838	40 611	33 758
Q3	42 839	3 258	22 530	872	14 999	1 262	5 103	-1 608	43 158	34 457
Q4	46 627	3 324	23 881	1 130	16 288	849	4 151†	-1 275	45 024	37 113
1989 Q1	49 242	3 881	24 529	3 055	15 995	1 235	5 207	410	50 431	40 513
Q2	42 461	3 193	24 017	1 098	16 587	824	4 098	-1 435†	45 189	37 645
Q3	45 960	3 398	24 909	1 848	16 975	1 048	5 186	68	50 034	40 453
Q4	50 769	3 776	25 745	2 530	17 237	1 131	4 123	-331	50 435	41 841
1990 Q1	52 279	3 986	26 581	4 649	17 319	4 435	5 048	-4 295	53 737	43 082
Q2	46 709	3 253	27 141	1 826	18 231	1 392	4 006	324	53 036	46 026
Q3	50 749	3 556	27 118	2 403	18 003	2 124	4 871	-2 395	52 195	43 327
Q4	54 194	3 176	28 040	2 963	18 653	1 230	4 520	-1 792	53 727	45 114

1 Excluding financial transactions.
2 Net lending to public corporations, private sector and overseas; company securities.

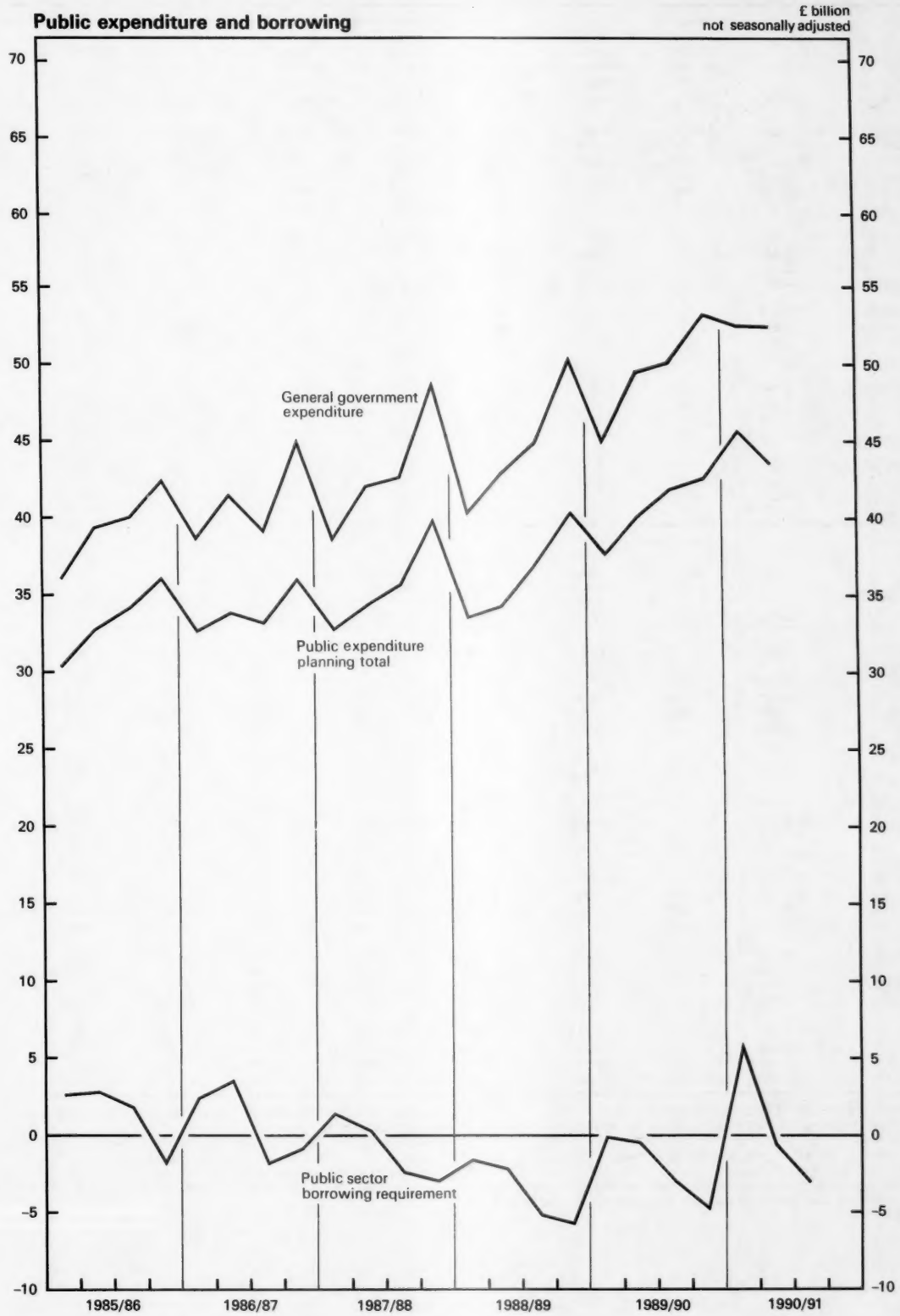
Source: Central Statistical Office

32 Financial transactions of the public sector[1]

£ million, not seasonally adjusted

	Financial deficit[2]				Receipts						
					Borrowing requirement[5]						
	General government[3]	Public corporations	Total	Net lending etc, to private sector and overseas[4]	Central government (own account[6])	Local authorities	Public corporations+	Total	Seasonally adjusted total[7]	Other financial transactions (net receipts)	Total
	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*
	-AABC	-AABD	-AABE	ABKG	ABEB	ABEG	ABEM	ABEN		ABKI	ABKH
1988	-4 840†	-1 918	-6 758†	-5 928†	-10 291	606	-1 907	-11 592		-1 095†	-12 686†
1989	-5 303	-781†	-6 084	-2 917	-9 538	583	-207	-9 162		161	-9 001
1990	2 951	-4 636	-1 685	-4 216	-1 211†	3 917†	-4 883†	-2 177†		-3 814	-5 901
									ABFB		
1988 Q1	-1 016†	-74	-1 090†	21	-3 414	1 342	-727	-2 799	-1 454	1 730†	-1 069†
Q2	1 159	-461	698	-2 694	-1 516	144	-317	-1 689	-2 605	-308	-1 996
Q3	-1 331	-372	-1 703	-2 213†	-1 737	-161	-210	-2 108	-3 323	-1 808	-3 916
Q4	-3 652	-1 011	-4 663	-1 042	-3 624	-719	-653	-4 996	-4 210	-709	-5 705
1989 Q1	-3 102	-229	-3 331	-444	-6 032	1 073	-773	-5 732	-4 278	1 957	-3 775
Q2	970	-47†	923	-1 663	908	-655	-274	-21	-986	-719	-740
Q3	608	-40	568	-458	-1 502	223	833	-446	-1 508	556	110
Q4	-3 779	-465	-4 244	-352	-2 912	-58	7	-2 963	-2 390	-1 633	-4 596
1990 Q1	1 767	-2 988	-1 221	-882	-1 864	1 809	-4 452	-4 507	-2 944	2 404	-2 103
Q2	2 734	-529	2 205	139	4 307†	1 495	149†	5 951	4 930	-3 606	2 344
Q3	314	-630	-316	-1 622	-54	148	-632	-538†	-1 637†	-1 402	-1 938
Q4	-1 864	-489	-2 353	-1 851	-3 600	465†	52	-3 083	-2 526	-1 210	-4 204
1990 Dec	..	..	..	..	-2 147	155†	-126†	-2 118†	..	..	..
1991 Jan	..	..	..	..	-5 304†	-109	177	-5 236	..	..	..
Feb	..	..	..	..	-469	111	-362	-720	..	..	..

The relationships between the columns are as follows: 1 + 2 = 3; 3 + 4 = 11; 5 + 6 + 7 = 8; 8 + 10 = 11.
1 Due to the inclusion of the latest PSBR figures this table may not be internally consistent.
2 The excess of current and capital expenditure over receipts.
3 Table 31, columns 3 to 7 *less* columns 1 and 2.
4 Including company securities. Lending is shown positively; repayment is shown negatively.
5 Redefined: see article in *Economic Trends*, No. 364, February 1984.
6 Excluding borrowing matched by on-lending to local authorities and public corporations.
7 Calendar year constrained.


Public expenditure and borrowing
£ billion
not seasonally adjusted
70
65
60
55
50
45
40
35
30
25
20
15
10
5
0
-5
-10
General government expenditure
Public expenditure planning total
Public sector borrowing requirement
1985/86
1986/87
1987/88
1988/89
1989/90
1990/91

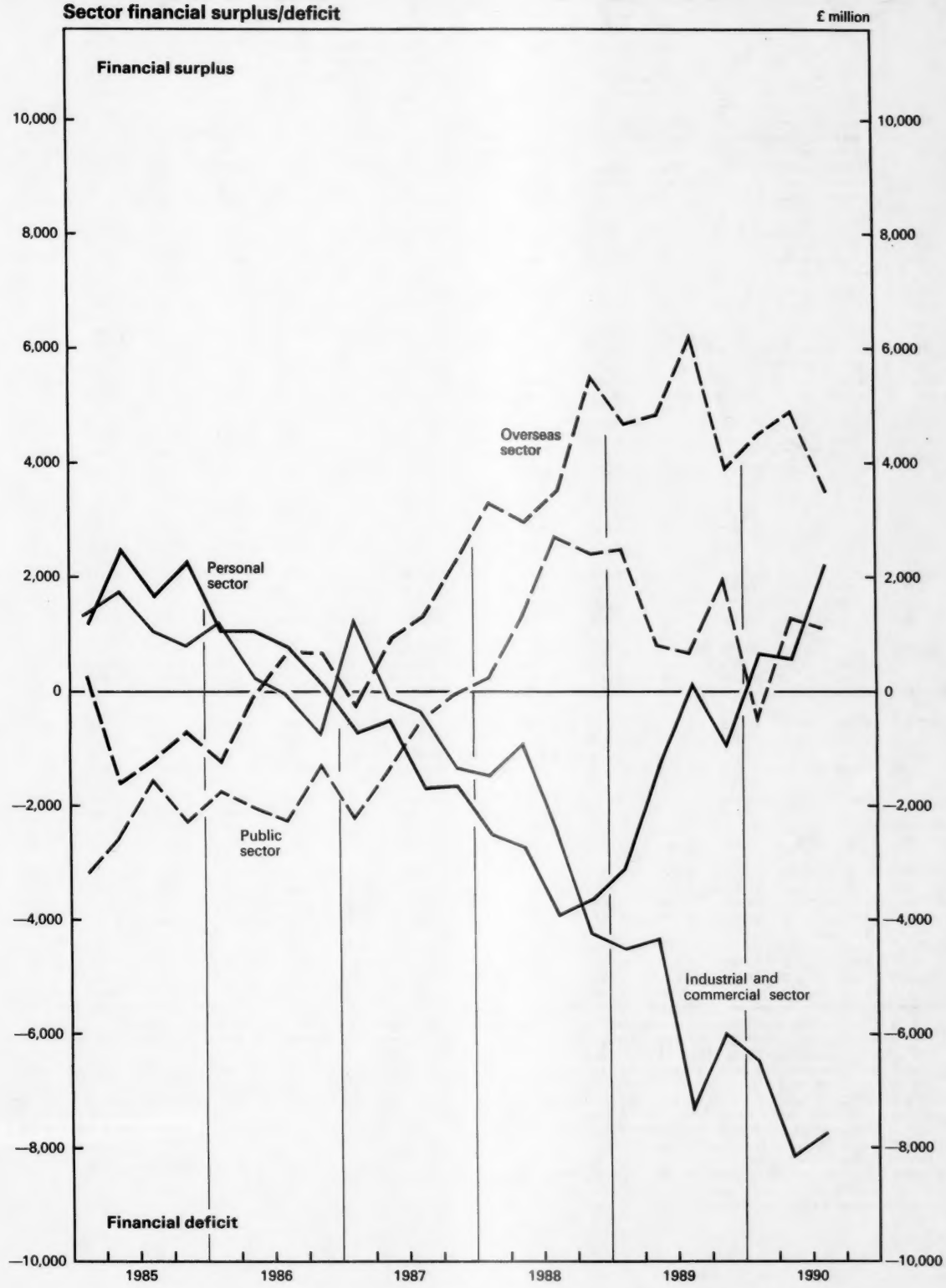
33 Summary capital accounts and financial surplus or deficit[7]

£ million

	Public sector[1]			Financial companies and institutions			Industrial and commercial companies		
	Saving[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]	Saving[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]	Saving[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]
	ABKJ	ABKK	ABKL	AAUM	AAUN	GGCX	AAUQ	AAUR	GGCW
1986	4 369	-127	11 981	11 347	-219	7 301	29 587	378	29 108
1987	6 546†	302†	11 019†	12 520†	-116†	8 399†	38 232†	77†	38 095†
1988	16 458	914	10 614	13 496	-152	12 134	40 930	464	49 268
1989	18 983	1 275	14 174	16 317	-249	14 084	33 091	-273	54 057
1990	17 675	712	16 702	17 464	-277	12 736	28 814	-423	55 328
1987 Q1	502†	-5†	2 655†	3 441†	-30†	1 845†	9 427†	83†	8 134†
Q2	1 240	44	2 642	2 805	-27	2 032	9 583	33	9 576
Q3	2 254	123	2 933	3 086	-27	1 920	9 577	-34	9 595
Q4	2 550	140	2 789	3 188	-32	2 602	9 645	-5	10 790
1988 Q1	2 914	192	2 933	3 317	-28	2 635	9 587	14	10 469
Q2	4 129	230	2 942	2 865	-35	3 099	9 958	-17	11 150
Q3	5 388	-320	2 245	3 854	-40	3 285	9 962	492	12 534
Q4	4 027	812	2 494	3 460	-49	3 115	11 423	-25	15 115
1989 Q1	5 156	314	3 091	4 177	-62	3 387	10 115	-	14 164
Q2	4 131	186	3 456	3 496	-44	3 461	9 849	-34	14 100
Q3	4 203	204	3 546	4 300	-53	3 679	6 246	-91	13 416
Q4	5 493	571	4 081	4 344	-90	3 557	6 881	-148	12 377
1990 Q1	3 868	-7	3 849	4 853	-49	3 249	8 109	20	14 470
Q2	4 500	36	4 019	4 019	-58	3 320	7 908	-80	14 163
Q3	5 034	151	4 253	4 123	-66	3 194	6 258	-148	13 259
Q4	4 273	532	4 581	4 469	-104	2 973	6 539	-215	13 436

	Personal sector			Financial surplus/deficit[4]					
	Saving[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]	Public sector	Financial companies and institutions	Industrial and commercial companies	Personal sector	Overseas sector[5]	Balancing item[6]
	AAUU	AAUV	GGCV	AAVE	AAVF	AAVG	AAVH	AAVI	AAVJ
1986	21 345	-32	18 342	-7 739	3 827	857	2 971	66†	18
1987	18 293†	-263†	22 413	-4 145	4 005†	214†	-4 566	4 322	1 098
1988	16 323	-1 226	28 218	6 723	1 210	-7 874	-12 820	15 542	-1 212
1989	22 847	-753	27 639	5 975	1 984	-21 239	-5 088	19 904	105
1990	32 260	-12	25 279†	1 685†	4 451	-26 937	6 969†	12 794	1 038†
1986 Q3	5 583	-26	4 801	-2 264	774	-57	756	693†	98
Q4	5 223	-5	5 113	-1 277	1 234	-789	105	679	48
1987 Q1	4 549†	-48	5 150	-2 207	1 566†	1 376†	-705	-293	287
Q2	5 131	-50	5 434	-1 400	746	40	-482	947	316
Q3	4 426	-62	6 118	-480	1 139	-52	-1 718	1 249	290
Q4	4 187	-103†	5 711	-58	554	-1 150	-1 661	2 419	205
1988 Q1	3 588	-178	6 042	241	654	-868	-2 509	3 195	-214
Q2	4 571	-178	7 137	1 324	-269	-1 209	-2 770	3 141	-307
Q3	3 573	-132	7 412	2 753	529	-2 080	-3 930	3 426	-350
Q4	4 591	-738	7 627	2 405	296	-3 717	-3 611	5 780	-341
1989 Q1	4 895	-252	7 805	2 508	728	-4 049	-3 024	4 581	-54
Q2	6 048	-108	7 018	801	-9	-4 285	-1 274	4 772	107
Q3	6 043	-60	6 011	672	568	-7 261	154	6 097	-44
Q4	5 861	-333	6 805	1 994	697	-5 644	-944	4 454	96
1990 Q1	6 631	36	6 413	-527	1 555	-6 341	659	4 785	21
Q2	6 523	102	6 351	1 289	641	-6 335	595	4 723	27
Q3	8 634	63	6 156	1 124	863	-7 149	2 269	2 443	24
Q4	10 472	-213	5 962†	224†	1 392	-7 112	4 297†	843	356†

1 Excluding financial transactions in writing-off debt.
2 Before providing for depreciation, stock appreciation and additions to reserves.
3 Comprises gross domestic fixed capital formation and increase in value of stocks and work in progress.
4 This balance is equal to saving *plus* capital transfers *less* gross domestic fixed capital formation, *less* increase in value of stocks and work in progress.
5 Equals, apart from the change in sign, the current balance of payments accounts, *plus* capital transfers.
6 For periods when the sector current and capital accounts are fully articulated, it is equal to the residual error in the national accounts.
7 In order to present a consistent table, first quarter figures for 1990 together with revisions to earlier data which are available for some series have not been included.


Sector financial surplus/deficit
£ million
Financial surplus
10,000
8,000
6,000
4,000
2,000
0
—2,000
—4,000
—6,000
—8,000
—10,000
Overseas sector
Personal sector
Public sector
Industrial and commercial sector
Financial deficit
1985
1986
1987
1988
1989
1990

34 Appropriation account of Industrial and commercial companies[1]

£ million

	Income								Allocation of income				Balance	
	Income arising in the United Kingdom								Dividends, interest and other transfer payments					
	Gross trading profits[2] +													
	Net of stock appreciation													
	N. Sea oil companies	Other companies	Total[3]	Stock appreciation	Before deducting stock appreciation	Rent and non-trading income	Income from abroad (net of taxes paid abroad)	Total income	Dividends on ordinary and preference shares[4]	Other[5]	Profits due abroad (net of UK tax)	UK taxes on income: payments[6]	Undistributed income[7]	Undistributed income adjusted for unremitted profits[7,8]
	CIDT	CIDU	AIAO	AIAP	AIAQ	AIAR	AIAS	AIAN	AIBA	AIAV	AIAW	AIAY	AAUQ	AIAZ
1981	10 864	16 811	27 675	5 064	32 739	4 780	5 723	43 242	3 596	8 918	4 182	7 583	18 963	18 683
1982	12 725	20 834	33 559	3 511	37 070	4 890	5 646	47 606	4 391	9 751	3 973	9 144	20 347	19 808
1983	15 683	24 391	40 074	3 619	43 693	5 018	6 812	55 523	5 343	9 387	4 631	10 867	25 295	24 348
1984	19 009	27 602	46 611	4 123	50 734	5 700	8 737	65 171	5 392	10 727	5 535	12 737	30 780	28 179
1985	18 514	36 433	54 947	2 155	57 102	6 770	8 713	72 585	6 766	12 518	6 339	15 301	31 661	30 520
1986	8 421	42 121	50 542	1 471	52 013	7 303	8 001	67 317	8 768	11 436	4 342	13 184	29 587	27 011
1987	9 511	48 727†	58 238†	4 137	62 375†	7 661†	11 581	81 617†	11 214	12 115†	6 717†	13 339†	38 232†	34 619†
1988	6 886	57 865	64 751	5 245	69 996	9 115	14 141†	93 252	14 894†	15 066	7 276	15 086	40 930	35 187
1989	6 580	59 005	65 585	6 584†	72 169	12 843	18 257	103 269	19 001	23 786	8 629	18 762	33 091	27 586
1990	7 031†	57 639	64 670	5 836	70 506	15 358	20 828	106 692	21 972	30 574	7 722	17 610	28 814	23 181
1983 Q1	3 622	5 749	9 371	1 115	10 486	1 201	1 575	13 262	1 055	2 398	926	2 866	6 017	5 730
Q2	3 706	5 742	9 448	857	10 305	1 220	1 532	13 057	1 375	2 337	1 292	2 339	5 714	5 660
Q3	4 180	6 231	10 411	1 123	11 534	1 288	1 981	14 803	1 403	2 321	1 067	2 066	7 946	7 694
Q4	4 175	6 669	10 844	524	11 368	1 309	1 724	14 401	1 510	2 331	1 346	3 596	5 618	5 264
1984 Q1	4 192	7 004	11 196	1 167	12 363	1 364	1 941	15 668	1 115	2 323	1 371	2 899	7 960	7 848
Q2	4 685	6 936	11 621	1 132	12 753	1 343	1 913	16 009	1 483	2 585	1 471	2 974	7 496	7 254
Q3	4 888	6 575	11 463	730	12 193	1 515	2 496	16 204	1 301	2 948	1 518	3 342	7 095	6 461
Q4	5 244	7 087	12 331	1 094	13 425	1 478	2 387	17 290	1 493	2 871	1 175	3 522	8 229	6 616
1985 Q1	5 131	8 938	14 069	1 403	15 472	1 691	2 363	19 526	1 386	3 351	1 714	4 083	8 992	8 893
Q2	4 967	9 225	14 192	135	14 327	1 700	2 408	18 435	1 668	3 196	1 701	3 641	8 229	7 749
Q3	4 196	8 777	12 973	122	13 095	1 674	2 224	16 993	1 913	2 947	1 411	3 820	6 902	6 412
Q4	4 220	9 493	13 713	495	14 208	1 705	1 718	17 631	1 799	3 024	1 513	3 757	7 538	7 466
1986 Q1	3 110	9 608	12 718	-317	12 401	1 754	1 602	15 757	1 847	2 919	926	3 014	7 051	6 584
Q2	1 694	10 809	12 503	-201	12 302	1 795	1 949	16 046	2 311	2 751	1 089	3 647	6 248	5 802
Q3	1 640	10 768	12 408	691	13 099	1 841	2 187	17 127	2 159	2 757	1 043	3 316	7 852	7 186
Q4	1 977	10 936	12 913	1 298	14 211	1 913	2 263	18 387	2 451	3 009	1 284	3 207	8 436	7 439
1987 Q1	2 448	11 400†	13 848†	1 094	14 942†	1 919†	2 666	19 527†	2 635	2 976†	1 718	2 771†	9 427†	8 455†
Q2	2 346	12 036	14 382	1 187	15 569	1 841	2 869	20 279	2 773	2 922	1 553†	3 448	9 583	8 475
Q3	2 513	12 510	15 023	1 016	16 039	1 907	2 998	20 944	2 824	3 163	1 740	3 640	9 577	8 439
Q4	2 204	12 781	14 985	840	15 825	1 994	3 048	20 867	2 982	3 054	1 706	3 480	9 645	9 250
1988 Q1	1 877	13 587	15 464	954	16 418	1 979	2 963†	21 360	3 519†	3 103	1 623	3 528	9 587	8 203
Q2	1 924	13 486	15 410	1 430	16 840	2 005	3 383	22 228	3 330	3 282	1 686	3 972	9 958	8 498
Q3	1 717	14 417	16 134	1 343	17 477	2 427	3 815	23 719	3 926	4 081	2 032	3 718	9 962	8 744
Q4	1 368	16 375	17 743	1 518	19 261	2 704	3 980	25 945	4 119	4 600	1 935	3 868	11 423	9 742
1989 Q1	1 434	15 347	16 781	1 822	18 603	2 789	4 210	25 602	4 651	4 977	1 916	3 943	10 115	9 569
Q2	1 662	14 961	16 623	1 815	18 438	3 134	4 870	26 442	4 482	5 657	2 255	4 199	9 849	8 935
Q3	1 657	13 830	15 487	1 374	16 861	3 344	4 101	24 306	5 081	6 157	2 065	4 757	6 246	4 798
Q4	1 827	14 867	16 694	1 573†	18 267	3 576	5 076	26 919	4 787	6 995	2 393	5 863	6 881	4 284
1990 Q1	1 903†	14 197	16 100	1 700	17 800	3 655	4 611	26 066	5 680	7 131	1 819	3 327	8 109	6 524
Q2	1 568	15 177	16 745	1 359	18 104	3 901	4 621	26 626	4 658	7 737	1 769	4 554	7 908	6 926
Q3	1 601	13 912	15 513	1 696	17 209	3 996	5 793	26 998	5 941	7 824	2 410	4 565	6 258	4 201
Q4	1 959	14 353	16 312	1 081	17 393	3 806	5 803	27 002	5 693	7 882	1 724	5 164	6 539	5 530

1 Figures reflect privatisation of British Telecom with effect from 28 November 1984, British Gas from 3 December 1986, British Airways from 6 February 1987, Royal Ordnance from 22 April 1987, BAA from 16 July 1987, British Steel from 2 December 1988, water companies from 12 December 1989 and electricity distribution companies from 11 December 1990.

2 Gross trading profits of non-oil industrial and commercial companies include quarterly national accounts statistical adjustment. For details, see notes 1 and 2 in Notes to editors section of 2nd quarter 1990 Industrial and commercial companies press notice, issued on 28 September 1990.

3 Before providing for depreciation.

4 Dividend payments on ordinary and preference shares are net of tax; the advance corporation tax in respect of these dividends is included in UK taxes on income. Excludes payments by UK subsidiaries to their overseas parents.

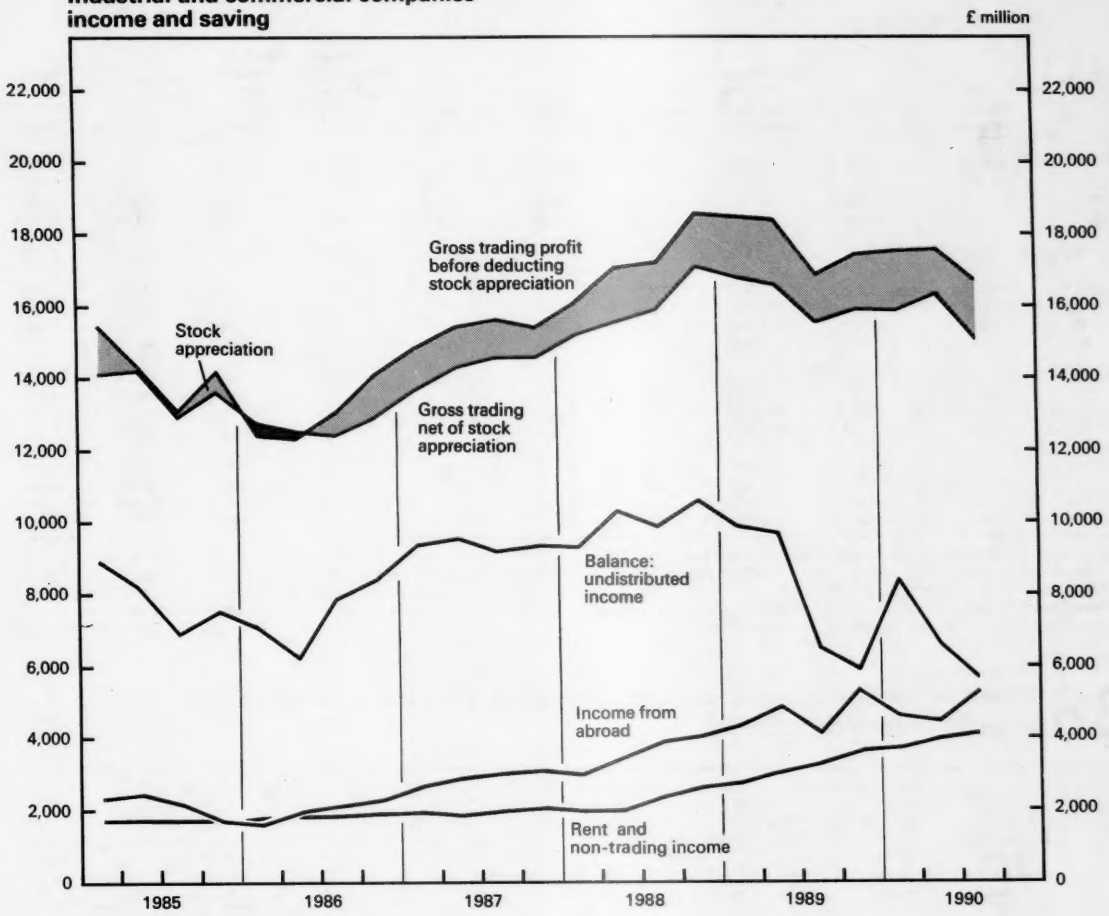
5 Including royalties and licence fees on oil and gas production.

6 Mainly payments of corporation tax (including advance corporation tax) and petroleum revenue tax.

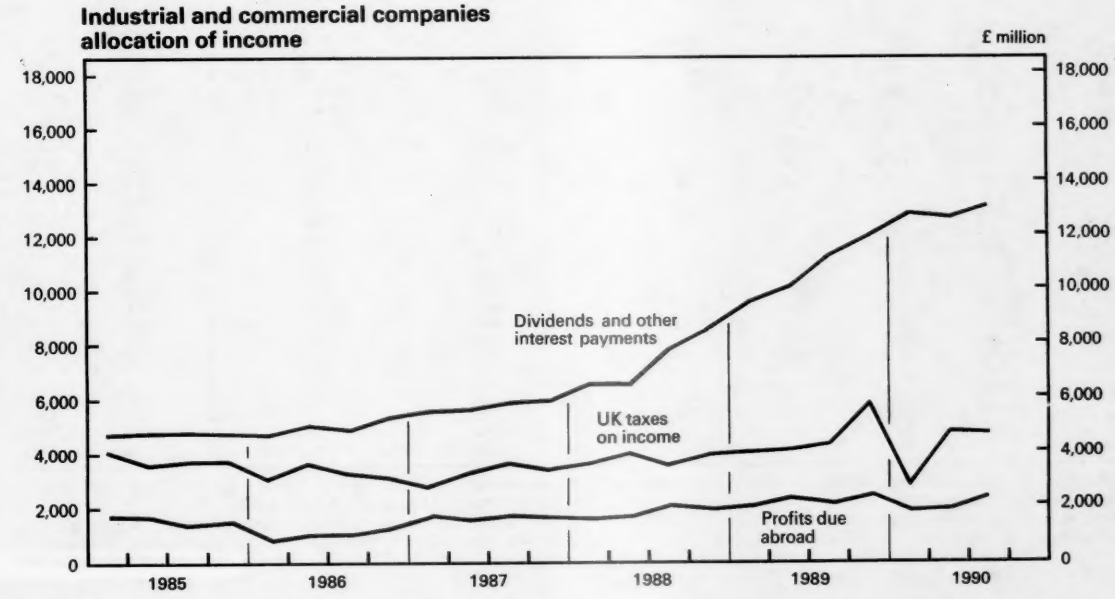
7 Before providing for depreciation, stock appreciation and additions to reserves.

8 Excludes profits retained abroad by overseas subsidiaries of UK companies. Includes profits retained in the United Kingdom by subsidiaries of overseas companies.

Industrial and commercial companies income and saving



Industrial and commercial companies allocation of income



35 Capital account and financial surplus/deficit of industrial and commercial companies[1]

£ million

	Receipts					Expenditure				
	Undistributed income	Stock appreciation	Undistributed income less stock appreciation	Capital transfers	Total receipts[2]	Gross domestic fixed capital formation	Value of physical increase in stocks and work in progress[3]	Taxes on capital and other capital transfers	Total expenditure	Balance: financial surplus/deficit
	AAUQ	AIAP	FMBC	CIDZ	FMBA	AAUS	FMBG	FMBH	FMBF	AAVG
1988	40 930†	5 245	35 685†	1 019	36 704†	39 715†	4 308	555†	44 578†	-7 874†
1989	33 091	6 584†	26 507	559	27 066	45 303	2 170	832	48 305	-21 239
1990	28 814	5 836	22 978	507†	23 485	50 124	-632†	930	50 422	-26 937
1987 Q4	9 645†	840	8 805†	105	8 910†	8 953†	997†	110†	10 060†	-1 150†
1988 Q1	9 587	954	8 633	124	8 757	9 188	327	110	9 625	-868
Q2	9 958	1 430	8 528	113	8 641	9 842	-122	130	9 850	-1 209
Q3	9 962	1 343	8 619	642	9 261	10 047	1 144	150	11 341	-2 080
Q4	11 423	1 518	9 905	140	10 045	10 638	2 959	165	13 762	-3 717
1989 Q1	10 115	1 822	8 293	192	8 485	11 055	1 287	192	12 534	-4 049
Q2	9 849	1 815	8 034	131	8 165	11 151	1 134	165	12 450	-4 285
Q3	6 246	1 374	4 872	101	4 973	11 474	568	192	12 234	-7 261
Q4	6 881	1 573†	5 308	135	5 443	11 623	-819	283	11 087	-5 644
1990 Q1	8 109	1 700	6 409	185†	6 594	13 033	-263	165	12 935	-6 341
Q2	7 908	1 359	6 549	128	6 677	13 020	-216	208	13 012	-6 335
Q3	6 258	1 696	4 562	77	4 639	12 353	-790	225	11 788	-7 149
Q4	6 539	1 081	5 458	117	5 575	11 718	637	332	12 687	-7 112

1 Figures reflect privatisation of British Telecom with effect from 28 November 1984, British Gas from 3 December 1986, British Airways from 6 February 1987, Royal Ordnance from 22 April 1987, BAA from 16 July 1987, British Steel from 2 December 1988, water companies from 2 December 1989 and electricity distribution companies from 11 December 1990.

2 After deducting stock appreciation but before providing for depreciation.

3 Including quarterly national accounts statistical adjustment. For details, See Notes 1 and 2 in Notes to Editors section of 2nd quarter 1990 Industrial and commercial companies press notice, issued on 28 September 1990.

Source: Central Statistical Office

36 Financial transactions including net borrowing requirement of industrial and commercial companies[1]

£ million

	Transactions leading to net borrowing requirement						Financing of net borrowing requirement[4]				
							Borrowing from		Financial assets		
	Financial surplus/deficit	Net unremitted profits[2]	Net identified trade and other credit[3,4]	Investment in UK company securities[5]	Investment abroad	Balancing item	Banks[6]	Other	Liquid	Other	Net borrowing requirement (NBR)
	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*
	AAVG	-AICX	-AIDL	-AICC	-AIDC	-AAOB	-AANA	-AICT	-AICU	-AICV	-AICW
1987	214†	-3 613†	-136†	-5 353	-14 387†	-355†	12 131†	23 132†	-8 709†	-2 924†	23 630†
1988	-7 874	-5 743	-636	-12 011	-14 610	-3 996	31 014	18 385	-5 838	1 309	44 870
1989	-21 239	-5 505	543	-18 581†	-18 243	14 327	33 279	28 928	-15 161	1 652	48 698
1990	-26 937	-5 633	1 161	-1 764	-5 843	11 825	19 149	20 400	-13 317	959	27 191
			-ABKP			-AIDD	-AIDF	-AIDJ	-AIDG		-AIDI
1987 Q3	-52†	-1 138†	275†	-1 065	-6 347†	-3 681†	4 382	9 546†	-1 695	-225†	12 008†
Q4	-1 150	-395	626	-1 746	-1 398	-2 079	4 577	5 705	-3 669†	-471	6 142
1988 Q1	-868	-1 384	-333	-4 012	-4 007	-3 702	8 239	6 857	-948	158	14 306
Q2	-1 209	-1 460	-245	-2 740	-4 152	-1 897	7 239	4 173	-173	464	11 703
Q3	-2 080	-1 218	-395	-2 938	-2 001	-387	7 881	3 317	-2 911	732	9 019
Q4	-3 717	-1 681	337	-2 321	-4 450	2 023	7 655	4 038	-1 839	-45	9 809
1989 Q1	-4 049	-546	39	-3 129	-6 402	1 425	6 638	7 021	-2 787	1 790	12 662
Q2	-4 285	-914	-431	-1 634†	-5 180	4 009	7 777	8 101	-5 626	-1 817	8 435
Q3	-7 261	-1 448	35	-9 269	-2 648	-745	13 409†	7 233	-752	1 446	21 336
Q4	-5 644	-2 597	900	-4 549	-4 013	9 519	5 455	6 573	-5 877	233	6 384
1990 Q1	-6 341	-1 585	-493	-398	-1 240	2 284	6 379	8 478	-7 267	183	7 773
Q2	-6 335	-982	1 585	-1 054	1 254	1 283	4 719	4 001	-4 792	321	4 249
Q3	-7 149	-2 057	-344	314	-907	4 526	4 420	4 569	-4 783	1 411	5 617
Q4	-7 112	-1 009	413	-626	-4 950	3 732	3 631	3 352	3 525	-956	9 552

1 Inflows(+), outflows(-); relationships between columns: 1+2+3+4+5+6+7+8+9+10 = zero; 7+8+9+10 = 11.

2 Retained in UK (+); retained abroad (-).

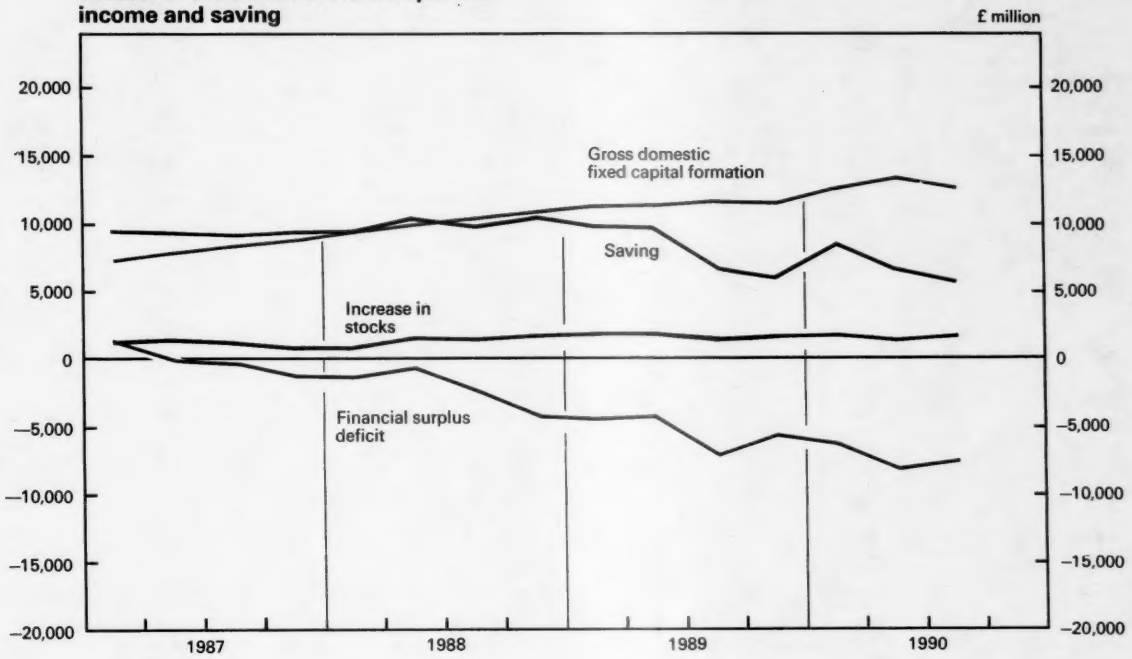
3 Includes accruals adjustment.

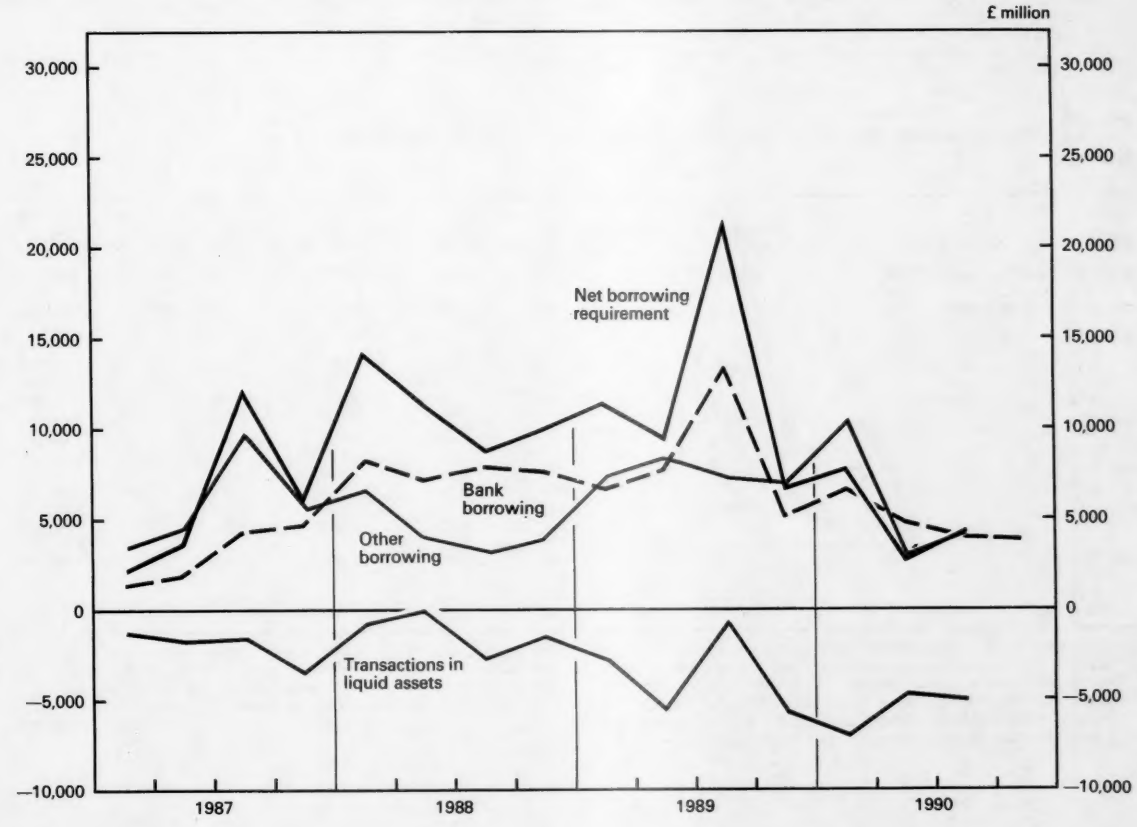
4 Seasonal adjustments include day-of-week adjustments. The quarterly figures therefore do not always sum to the annual totals.

5 Cash expenditure on subsidiaries and trade investments in the United Kingdom.

6 Includes Bank of England Issue Department transactions in commercial bills.

Industrial and commercial companies income and saving





37 UK banks' lending to UK residents[1]

£ million

	Lending to public sector			Lending to private sector		
	Sterling	Other currencies	Total	Sterling	Other currencies	Total
Transactions						
	AEBT	VQAH	FPAA	VQAE	AECO	FPAD
1986	-954	26†	-928†	30 447†	8 215†	38 662†
1987	-181	-384	-565	38 743	10 566	49 309
1988	-1 267	-564	-1 831	57 335	9 606	66 942
1989	-1 849	-60	-1 909	60 489	16 236	76 725
1990	67†	29	96	45 612	2 870	48 482
1985 Q4	291	258	549	6 357	1 666	8 023
1986 Q1	-26	1	-25	5 732	677	6 409
Q2	492	-69	423	5 380	1 295	6 675
Q3	-374	195	-179	7 245	4 455	11 700
Q4	-1 046	-101†	-1 147†	12 090†	1 788†	13 878†
1987 Q1	1 095	206	1 301	6 167	5 252	11 419
Q2	-595	29	-566	8 067	4 530	12 597
Q3	-865	-77	-942	10 847	-220	10 627
Q4	184	-542	-358	13 662	1 004	14 666
1988 Q1	638	-752	-114	12 500	398	12 898
Q2	-1 528	-130	-1 658	14 925	1 834	16 760
Q3	-1 015	2	-1 013	13 428	3 594	17 022
Q4	638	316	954	16 482	3 780	20 262
1989 Q1	-1 970	-179	-2 149	13 395	5 962	19 357
Q2	635	87	722	13 183	3 255	16 438
Q3	1 186	332	1 518	17 447	3 948	21 395
Q4	-1 700	-300	-2 000	16 464	3 071	19 535
1990 Q1	171	-229	-58	15 579	158	15 737
Q2	7	79	86	10 948	1 370	12 318
Q3	-647	11	-636	7 196	-454	6 742
Q4	536†	168	704	11 889	1 796	13 685

1 Seasonally adjusted data are shown on a calendar year basis whereas data in Tables 1, 29 and 30 are on a financial year basis. The quarterly figures do not necessarily add up to the (unadjusted) figures shown for the year as a whole. This is because as well as allowing for purely seasonal factors, the adjustments attempt to remove other distortions which do not necessarily cancel out over a year

Source: Bank of England

38 UK banks' loans, advances and acceptances to UK residents[1]

£ million

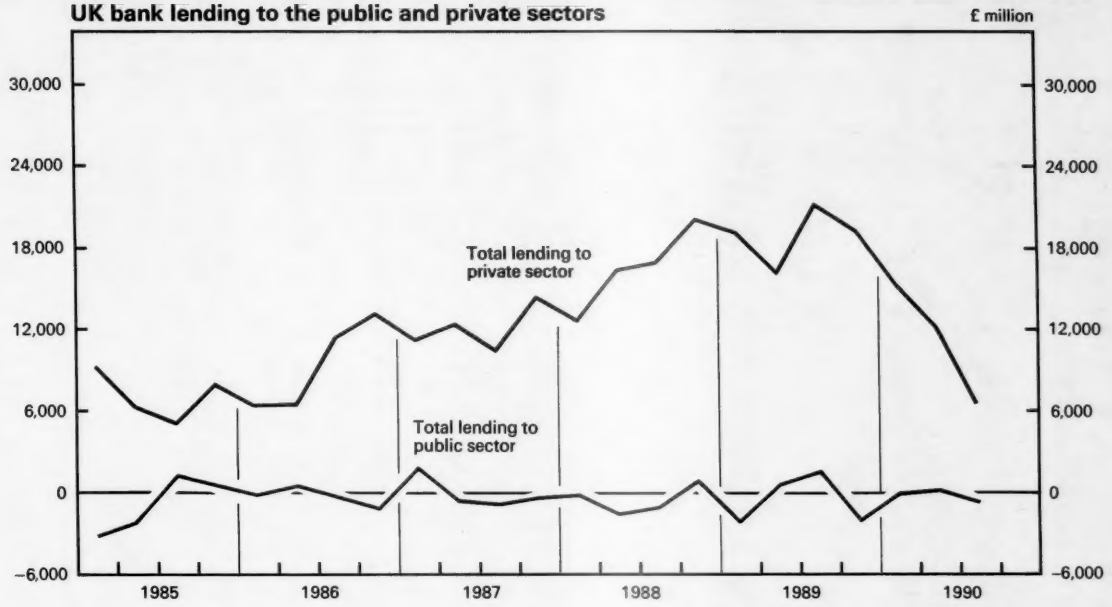
	Manufacturing	Other production	Financial	Services	Persons	Total loans, advances and acceptances
Amounts outstanding (August 1990):	53 237	29 222	108 759	124 435	125 112	440 764
(November 1990):	54 228	29 448	111 355	129 047	127 383	451 461
Changes						
	FRAB	FRAC	FRAD	FRAE	FRAF	FRAA
1988 Feb	1 493	724	-1 318	5 216	3 109	9 224
May	2 537	892	2 285	4 768	4 396	14 878
Aug	4 346	750	754	4 842	5 574	16 266
Nov	2 838	1 500	5 800	6 509	3 714	20 361
1989 Feb	914	1 360	6 463	8 150	2 259	19 147
May	2 025	960	2 067	5 270	3 784	14 106
Aug[2]	4 601	2 140	4 772	7 525	2 673	21 712
Nov	1 210	307	4 835	7 392	2 877	16 621
1990 Feb	3 261	1 713	5 353	4 668	2 496	17 491
May	310	527	2 256	4 025	3 306	10 423
Aug	1 195	1 003	3 481	3 465	2 485	11 628
Nov	1 269	299	3 241	4 902	2 192	11 903

1 For a more detailed breakdown of these figures see *Financial Statistics* Table 6.6. The analysis covers loans, advances and acceptances in both sterling and foreign currencies (changes in the latter being adjusted for exchange rate movements) provided by banks to their customers and therefore does not include funds placed through the local authority money market or funds lent to banks. Acceptances are not granted to persons.

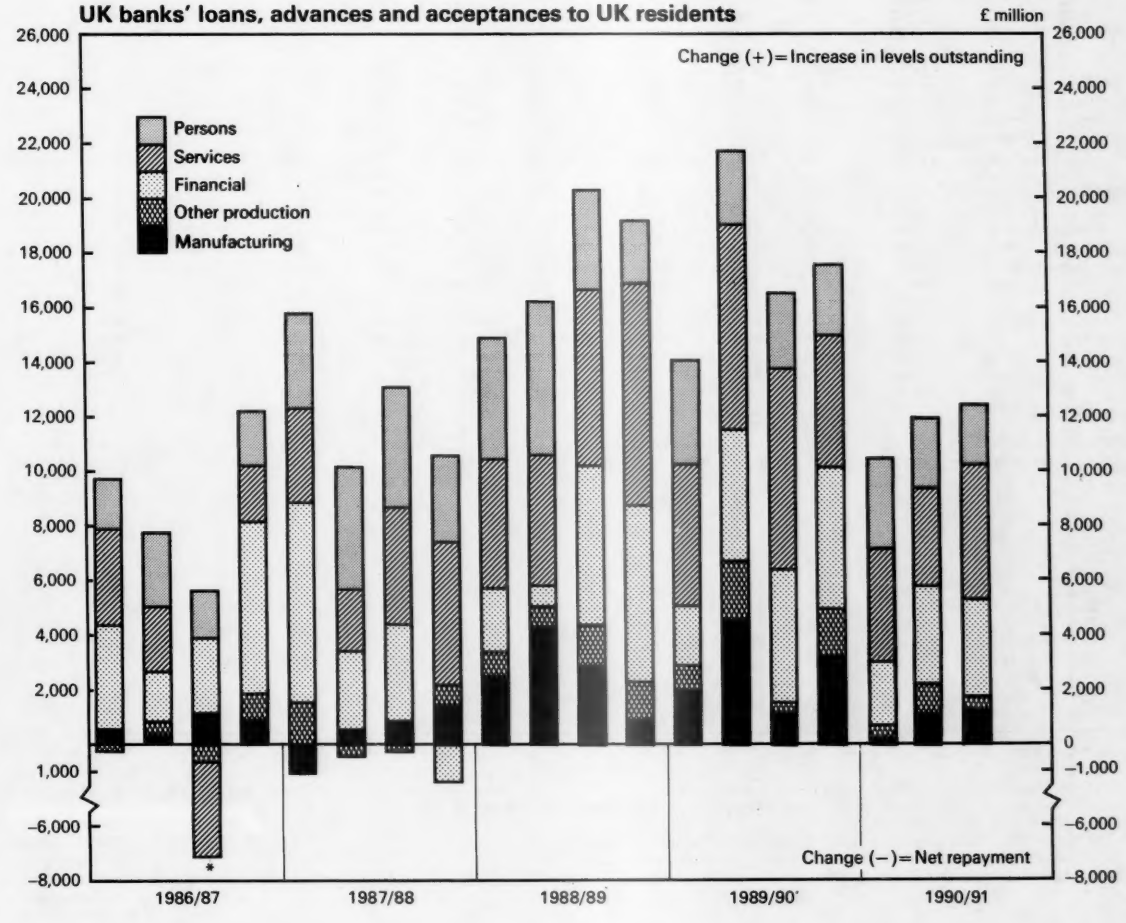
2 Changes in total lending in the three months to end-August 1989 exclude data from Abbey National plc. and Abbey National Treasury Services plc., who joined the reporting population at the beginning of July 1989. The levels for August 1989 include data for these two institutions.

Source: Bank of England

UK bank lending to the public and private sectors



UK banks' loans, advances and acceptances to UK residents



* See footnote[2] page 66 lower table

39 Interest rates, security prices and yields

Percentage rate

	Last Friday						Last working day		Average of working days			
			Selected retail banks							Financial Times index of industrial ordinary shares 1 July 1935 = 100		
	Treasury bill yield[1]	Deposits with local authorities - 3 months[2]	Base rate	Deposit account: 7 days' notice	Inter-bank 3 month rate[3]	Sterling certificates of deposit - 3 months	Euro-dollar 3 month rate	Building societies basic rate on shares[4]	British government securities: long dated[5] - 20 years	Price index	Dividend yield	Earnings yield
	AJNC	AJOI		AJNF			AJIB	AJNM	AJLX	AJMT	AJMU	AJMV
1984	9.33	10.13	9.50- 9.75	6.25	10.00-10.13	9.81- 9.94	8.62	6.75	10.69	854.87	4.66	10.76
1985	11.49	11.94	11.50	7.86	11.81-11.94	11.69-11.81	7.97	7.00	10.62	1 004.64	4.62	11.48
1986	10.94	11.31	11.00	6.92	11.31-11.34	11.00-11.13	6.31	5.99	9.87	1 287.11	4.25	10.16
1987	8.38	8.88	8.50	3.58	8.75-9.00	8.81- 8.88	7.25	4.02	9.47	1 600.01	3.73	8.98
1988	12.91	13.19	13.00	5.97	12.69-13.19	12.94-13.00	9.25	5.59	9.36	1 448.73	4.62	11.72
1989	15.02	15.03	15.00	6.59	15.13-15.16	15.03-15.09	8.31	6.57	9.58	1 781.41	4.46	10.80
1990	13.50	13.94		5.11	15.13-15.19	15.00-15.16	7.50	5.77	11.08	1 749.43	5.28	11.70
1987 Mar	9.54	9.87	10.00	5.60	9.69-9.81	9.63- 9.66	6.56	5.99	9.16	1 596.26	3.67	8.48
Apr	9.39	9.63	10.00	5.54	9.56-9.75	9.63- 9.69	7.06	5.99	9.12	1 554.78	3.77	8.58
May	8.68	8.75	9.00	4.69	8.81-8.94	8.69- 8.81	7.25	5.03	8.82	1 674.07	3.44	8.23
Jun	8.96	9.13	9.00	4.69	9.06-9.13	8.97- 9.03	7.12	5.00	8.90	1 759.78	3.25	7.83
Jul	9.14	9.25	10.00	4.69	9.19-9.44	9.03- 9.06	6.94	4.99	9.23	1 855.23	3.10	7.52
Aug	10.12	10.38	10.00	4.95	10.13-10.50	10.13-10.19	7.12	4.99	9.92	1 757.59	3.28	8.11
Sep	10.02	10.06	10.00	4.95	10.13-10.25	10-10.13	8.31	4.99	9.98	1 801.84	3.26	7.98
Oct	9.07	9.19	9.50	4.61	9.19-9.31	9.06- 9.19	7.62	4.99	9.88	1 645.30	3.75	9.22
Nov	8.67	8.88	9.00	4.12	8.88-9.03	8.78- 8.84	7.88	4.93	9.20	1 296.04	4.78	11.83
Dec	8.38	8.88	8.50	3.58	8.75-9.00	8.81- 8.88	7.25	4.02	9.57	1 337.02	4.67	11.58
1988 Jan	8.38	8.69	8.50	3.58	8.69-8.75	8.66- 8.72	6.81	4.00	9.57	1 419.37	4.39	11.02
Feb	9.01	9.25	9.00	4.04	9.19-9.63	9.13- 9.25	6.88	4.00	9.38	1 397.56	4.48	11.16
Mar	8.48	8.63	8.50	3.53	8.56-8.75	8.59- 8.66	6.81	4.00	9.12	1 446.73	4.48	11.37
Apr	7.98	8.50	8.00	2.92	8.25-8.50	8.38- 8.44	7.25	4.00	9.12	1 421.19	4.57	11.89
May	7.28	7.63	7.50	2.43	7.56-7.75	7.50- 7.56	7.68	3.51	9.27	1 427.45	4.59	11.86
Jun	9.24	8.88	9.00	3.07	8.94-9.44	9.06- 9.13	7.88	3.49	9.32	1 470.13	4.51	11.56
Jul	10.53	10.75	10.50	4.52	10.63-10.94	10.56-10.63	8.31	3.49	9.51	1 488.92	4.52	11.47
Aug	11.83	11.88	12.00	4.93	11.31-12.25	11.88-11.94	8.50	4.69	9.47	1 474.30	4.61	11.67
Sep	11.72	11.88	12.00	5.43	11.75-12.19	11.81-11.88	8.63	4.70	9.60	1 429.22	4.80	12.11
Oct	11.84	12.00	12.00	5.43	12.00-12.25	12.00-12.60	8.56	5.57	9.23	1 493.35	4.65	11.71
Nov	12.98	12.75	13.00	5.43	12.13-13.00	13.0-13.03	9.31	5.57	9.30	1 478.12	4.78	12.00
Dec	12.91	13.19	13.00	5.97	12.69-13.19	12.94-13.00	9.25	5.59	9.46	1 438.44	5.08	12.84
1989 Jan	12.70	12.81	13.00	5.97	13.00-13.13	12.94-13.19	9.31	5.87	9.35	1 543.53	4.76	11.96
Feb	12.91	13.00	13.00	5.97	12.94-13.19	12.94-13.06	10.25	6.06	9.15	1 676.22	4.37	10.90
Mar	12.79	13.00	13.00	5.97	12.94-13.13	12.94-13.00	10.25	6.06	9.26	1 710.70	4.45	10.83
Apr	12.62	12.81	13.00	5.97	12.88-13.38	12.75-12.88	9.81	6.06	9.52	1 700.63	4.55	11.03
May	13.72	13.81	14.00	5.97	13.81-13.88	13.69-13.81	9.50	6.06	9.52	1 775.56	4.43	10.79
Jun	14.10	14.06	14.00	5.97	14.19-14.25	13.94-14.06	9.25	6.06	9.88	1 779.72	4.50	10.77
Jul	13.69	13.88	14.00	5.97	13.81-13.88	13.78-13.84	8.50	6.04	9.53	1 863.30	4.34	10.16
Aug	13.81	13.88	14.00	5.97	13.88-13.94	13.81-13.88	8.94	6.04	9.37	1 960.27	4.05	9.66
Sep	13.91	14.38	14.00	5.97	14.63-14.69	14.13-14.38	9.13	6.04	9.62	1 958.98	4.10	9.85
Oct	14.98	15.63	15.00	5.97	15.63-15.75	15.5-15.63	8.63	6.10	9.81	1 786.75	4.60	11.06
Nov	14.99	15.00	15.00	6.59	15.03-15.06	15-15.06	8.44	6.57	9.99	1 758.02	4.75	11.42
Dec	15.02	15.03	15.00	6.59	15.13-15.16	15.03-15.09	8.31	6.57	9.96	1 863.28	4.57	11.14
1990 Jan	14.99	15.06	15.00	6.59	15.13-15.19	15.00-15.16	8.31	6.57	10.28	1 894.20	4.51	11.00
Feb	14.87	15.00	15.00	6.59	15.09-15.13	15.00-15.06	8.31	6.57	10.72	1 816.79	4.76	11.47
Mar	15.14	15.13	15.00	6.59	15.22-15.25	15.13-15.19	8.44	6.95	11.46	1 771.99	4.98	11.76
Apr	15.17	15.13	15.00	6.59	15.28-15.31	15.19-15.25	8.63	6.95	11.77	1 718.96	5.22	12.03
May	15.00	14.94	15.00	6.59	15.03-15.09	14.97-15.03	8.31	6.95	11.49	1 757.40	5.21	11.71
Jun	14.85	14.94	15.00	6.59	14.94-14.97	14.88-14.94	8.25	6.95	11.01	1 904.97	4.86	10.76
Jul	14.86	14.94	15.00	6.59	14.94-15.00	14.91-14.97	7.88	6.94	11.03	1 873.36	4.95	10.90
Aug	14.81	14.88	15.00	6.59	14.97-15.00	14.88-15.00	8.00	6.94	11.41	1 710.25	5.52	11.82
Sep	14.76	14.97	15.00	6.59	14.94-14.97	14.88-14.94	8.25	6.94	11.32	1 599.08	5.93	12.52
Oct	13.57	13.75	14.00	5.11	13.78-13.81	13.98-13.81	8.00	6.53	11.12	1 619.55	5.90	12.34
Nov	13.11	13.50	14.00	5.11	13.50-13.56	13.38-13.44	8.31	5.77	10.94	1 630.44	5.90	12.31
Dec	13.50	13.94	14.00	5.11	14.00-14.00	13.81-13.88	7.50	5.77	10.40	1 696.14	5.67	11.83
1991 Jan	13.23	13.88	14.00	5.11	13.97-13.97	13.75-13.88	7.00	..	10.22	1 653.17	5.81	12.07
Feb	12.44†	12.75†	13.00	5.11†	12.75-12.88	12.75-12.81	6.81†	..	9.89†	1 803.58†	5.33†	11.07†

1 Average discount rate expressed as the rate at which interest is earned during the life of the bills.

2 For a minimum term of 3 months and thereafter at 7 days' notice.

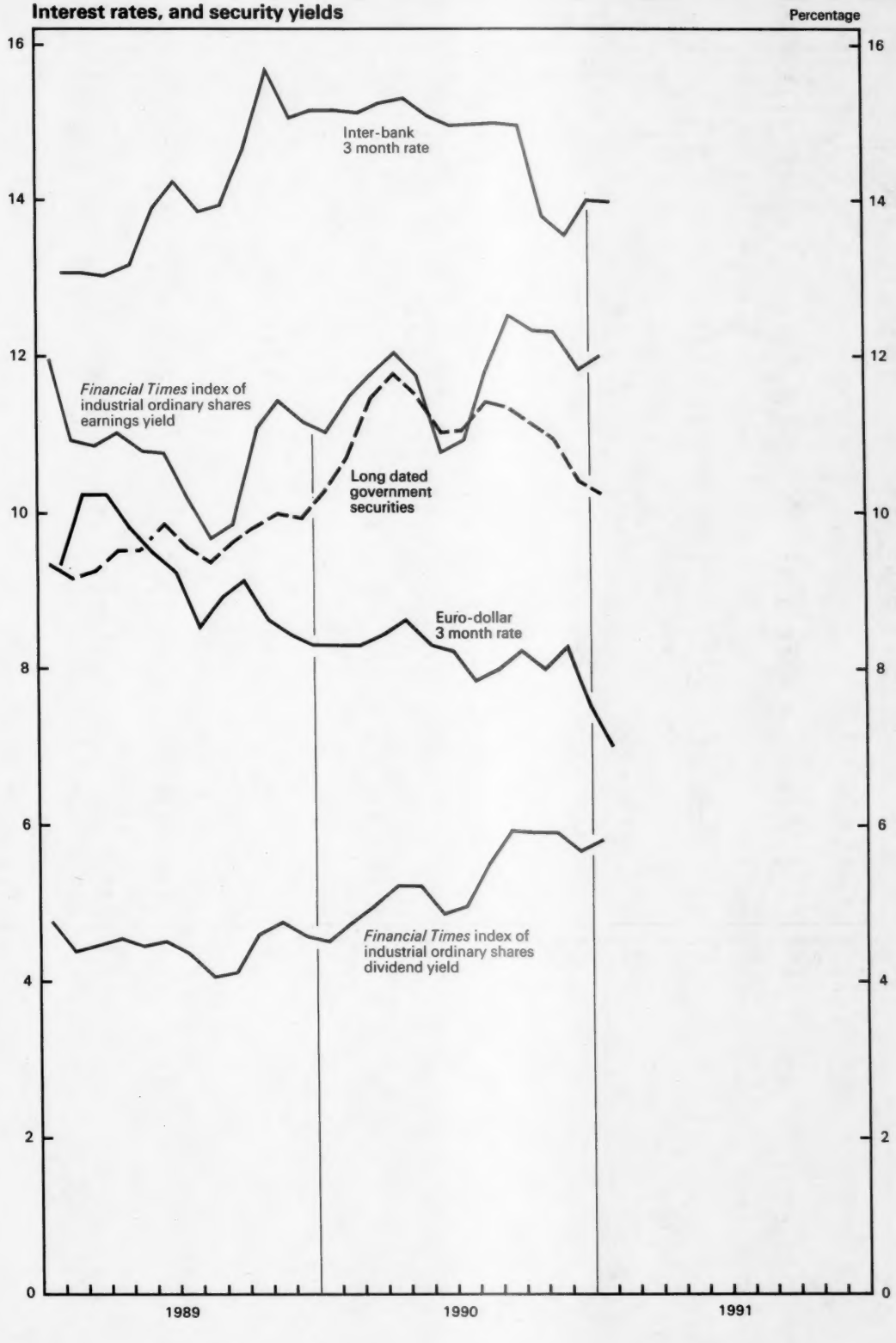
3 Spread of rates over the day in the inter-bank sterling market; from June 1982 rates are the spread at 10.30 am.

4 The series comprises a weighted average of basic rates offered by the largest societies. The rates are net of income tax where this is paid by societies at the agreed composite rate.

5 Averages of Wednesdays until February 1980; from March 1980 figures are the average of all observations (3 a week); from January 1982 average of working days. Calculated gross redemption yields - see *Financial Statistics Explanatory Handbook*.

Bank of England;
HM Treasury;
Building Societies Commission;
Financial Times;
Institute of Actuaries;
Faculty of Actuaries

Interest rates, and security yields



40 A selection of asset prices

	Physical assets						Financial assets		
	Vehicles plant and machinery: producer price indices (1985 = 100)		Housing: DoE index of house prices (1985 = 100)			Average price of agricultural land in England (1985 = 100)[1]	British government stocks		Company securities: FT-Actuaries all ordinary shares (10 April 1962 = 100)
	Motor vehicles and their engines	Plant and machinery	New dwellings	Old dwellings	All dwellings		Fixed interest (Dec 1975 =100)	Index linked (April 1982= 100)	
	BAJJ	BAJK	BAJF	BAJG	BAJH	BAJI	AJJY	AJJZ	AJMA
1981 Q1	..	..	73	71	72	98	111.20	..	293.71
Q2	..	..	75	73	74	97	109.28	..	319.74
Q3	..	..	75	74	75	92	103.04	95.38	317.90
Q4	..	..	75	73	73	93	101.89	96.16	300.48
1982 Q1	..	..	76	70	72	95	108.49	97.74	320.87
Q2	..	..	78	74	75	92	111.70	100.60	328.62
Q3	..	..	78	76	77	96	122.77	102.02	340.83
Q4	..	..	80	77	78	99	128.82	108.45	378.63
1983 Q1	..	89.6	81	80	80	102	125.33	112.04	402.88
Q2	..	91.0	85	82	83	105	129.36	107.16	436.11
Q3	..	91.0	85	86	86	100	126.50	104.12	449.30
Q4	..	91.6	89	87	87	106	130.16	106.63	450.53
1984 Q1	91.0	93.0	90	87	88	109	130.30	105.17	499.22
Q2	92.5	94.0	91	90	90	112	125.81	103.34	510.33
Q3	93.7	95.5	95	94	94	116	124.55	100.88	502.57
Q4	95.6	97.2	95	95	95	86	128.60	109.19	554.54
1985 Q1	97.5	99.4	98	95	95	115	125.60	109.64	613.81
Q2	99.2	101.0	98	99	98	107	127.79	110.27	625.40
Q3	100.8	101.0	100	101	101	96	130.95	111.15	619.96
Q4	102.5	100.0	104	104	104	109	130.46	109.86	668.64
1986 Q1	104.8	101.8	108	107	107	99	133.43	108.86	728.99
Q2	105.8	102.6	114	111	111	103	140.58	116.86	800.71
Q3	107.3	103.2	115	116	116	90	133.78	113.83	792.51
Q4	109.5	104.1	121	120	120	92	128.44	111.55	806.18
1987 Q1	112.2	106.5	123	123	123	91	136.02	119.28	943.78
Q2	114.2	106.6	130	129	129	81	140.54	118.13	1 064.64
Q3	115.3	106.6	136	135	135	86	132.50	113.63	1 174.06
Q4	117.2	106.5	143	143	143	90	137.38	114.36	917.81
1988 Q1	120.1	107.5	154	148	149	92	138.31	117.76	908.67
Q2	121.5	107.9	156	158	158	90	136.53	120.74	931.35
Q3	124.8	107.9	177	179	179	89	132.99	121.39	946.30
Q4	126.3	108.4	188	190	190	95	132.94	127.55	940.37
1989 Q1	129.8	110.7	204	193	194	98	132.67	131.92	1 037.42
Q2	130.2	112.6	204	201	201	103	130.11	132.93	1 089.48
Q3	132.6	114.3	207	208	208	109	130.86	138.63	1 182.76
Q4	134.9	115.1	198	205	204	117	128.18	139.05	1 131.51
1990 Q1	137.9	117.7	207	199	201	119	121.49	135.43	1 148.95
Q2	139.7	118.7	199	198	198	126	119.27	135.88	1 119.66
Q3	142.0	117.5	199	202	201	109	121.32	138.09	1 081.98
Q4	145.2[2]	117.4†	201	198	198	117†	125.62	143.15	1 018.89

1 Prices of vacant possession land sold without buildings. Sales notified to the Inland Revenue in the period are thought to have taken place, on average, about nine months earlier.
2 Provisional.

Cyclical indicators for the UK economy

Recent movements of the indices

The cyclical movements in the economy following the 1981 trough and prior to the 1988 peak are significantly smaller than those in the 1970s and a little smaller than those in the 1960s, reflecting the fact that during this period GDP growth was exceptionally steady by historical standards. The 1988 peak and subsequent movements of the indices suggest a return towards a more marked cyclical pattern.

The most recent dated turning point is the peak in August 1988. The longer leading index, which was broadly flat through the middle of 1990, now appears to have risen slightly. The other three indicators continue to fall. It should be borne in mind that recent values of the indices are subject to revision as later information modifies the assessment of current trend.

Estimates for the longer leading, shorter leading and coincident indices are available to January while the lagging index is available to December.

In recent months rising share prices and falling interest rates result in slightly higher values for the longer leading index. These provisional values suggest, while there was little change between April and September last year, a turning point might have occurred in the index during that period.

The shorter leading index continues to decline. The provisional figures for recent months reflect lower consumer credit, new car registrations and falling balances reported in the CBI survey of expected stock changes.

The coincident index continues to decline. All of the indicators fell in the second half of 1990.

The lagging index peaked in the third quarter of 1989. In recent months all of the series used for this index show steady declines.

Definitions

This section shows a reference chronology of peaks and troughs representing growth cycles in the UK economy, together with groups of indicator series which have in the past had a consistent timing relationship with the reference cycle. Growth cycles are defined as cyclical movements in the deviations from a long-trend; thus, the contraction phase of a growth cycle occurs when the rate of growth is below this long-term value.

The historical reference chronology has been determined by examination of a range of series covering aggregate economic activity. Known special economic and climatic factors were discounted in judging the location of reference turning points. The indicators forming each group have been chosen because they have had a consistent timing relationship to the reference chronology, and because there is a economic rationale to account for this relationship.

A composite index for each group of indicators series is formed by subtracting from each series the value of its long-term trend, then taking a simple average of the trend-eliminated series after smoothing and scaling them to give cycles of similar amplitude, and inverting them where appropriate.

Precise details on data availability for each of the component series used in the compilation of the indicators is shown in Table B.

Table A - Recent movements of the indicators

		Longer Leading (5 component series) DKBR	Shorter Leading (5 component series) DKBS	Coincident (5 component series) DKBP	Lagging (5 component series) DKBQ
1989	Jan	100.9	106.6	106.8	103.1
	Feb	100.3	105.7	106.6	103.7
	Mar	99.3	104.9	106.1	104.2
	Apr	98.2	104.1	105.2	105.4
	May	97.4	103.8	104.0	105.4
	June	96.7	103.6	103.3	105.3
	July	96.4	103.1	103.1	105.2
	Aug	96.5	102.2	102.8	105.6
	Sep	96.5	101.8	102.6	105.7
	Oct	96.0	101.4	102.4	105.6
	Nov	96.1	101.3	102.3	105.4
	Dec	96.6	101.1	102.2	105.0
1990	Jan	96.7	100.7	102.2	105.0
	Feb	96.4	100.3	101.9	104.8
	March	95.5	99.4	101.7	104.1
	April	94.8	98.6	101.2	104.3
	May	94.6	97.6	100.9	103.7
	June	94.8	96.7	99.2	103.6
	July	95.2	95.7	97.4	103.3
	Aug	94.9	94.4	95.3	102.4
	Sep	94.8	93.3	93.8	101.3
	Oct	95.0	92.1	92.2	99.8
	Nov	95.6	91.2	90.4	98.1
	Dec	95.7	90.7	89.4	96.9
1991	Jan	95.6(4)	90.1(3)	88.3(4)	

1 A full explanation of the methodology used is given in *Economic Trends*, No. 257, March 1975 and No. 271, May 1976. Each month two charts of the composite indicators are published with, in the February May, August and November issues, a further eight pages showing individual indicator series.

2 Values of the composite indices are published in order to show more precisely the shape of the graphs in recent months. The values are subject to revision each month, both because of revisions to the series from which they are formed and because of the nature of the trend-elimination process used in the calculation; the values of the indices have no intrinsic meaning but positive values indicate that an index is above its long term trend and negative values indicate that it is below its long term trend. The method of calculation for the indices means that they lie in the range 80 to 120. On the charts the parts of the curves which are liable to revision in the trend-elimination process are shown in pecked lines; where the composite indices are based on an in complete set of indicators, the curves are shown as dotted lines. Additional tables giving the value of all series used are available from the CSO: 071-270 5966.

3 This table is based on monthly and quarterly data available to 18 March.

4 Bracketed figures show the number of series available where the index is incomplete.

5 The index numbers given here are for comparative purposes only and should not be regarded as accurate to the last digit shown.

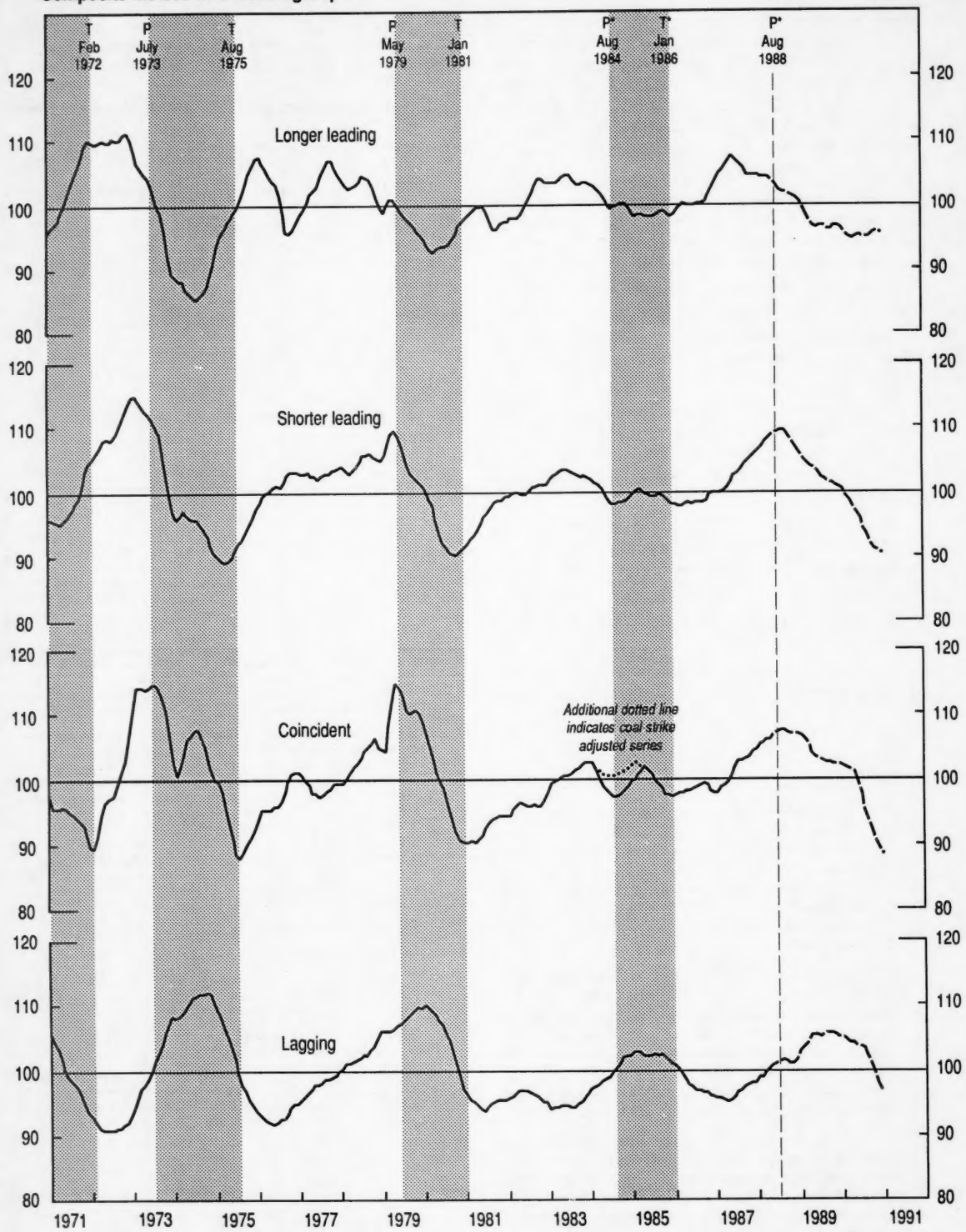
6 Longer runs of the indices and their component series are available from the CSO Databank or on subscription from the CSO.

7 When a value for an index is first published it is usually based on incomplete information. Previous practice was to publish a provisional index value provided that at least two constituent series were available but this led to substantial revisions to the index as more data became available.

Cyclical indicators

Composite indices of indicator groups.

Long term trend=100



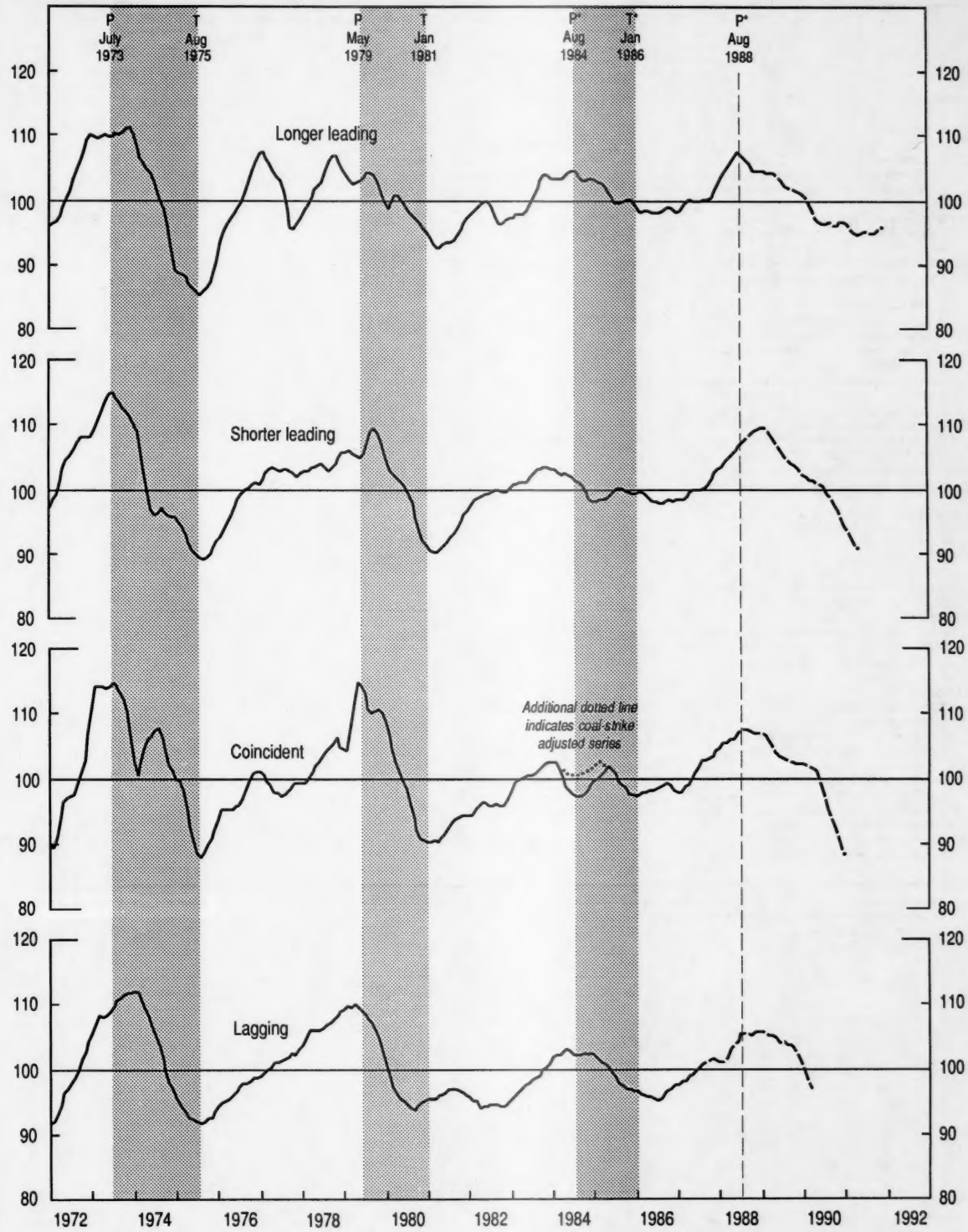
——— Subject to revision due to trend re-estimation

····· Based on incomplete data

*These turning points are less marked than previous peaks and troughs

Cyclical indicators with leads and lags applied[1]

Composite indices of indicator groups. **Long term trend=100**



——— Subject to revision due to trend re-estimation

..... Based on incomplete data

*These turning points are less marked than previous peaks and troughs

1. The longer leading index has been advanced by 12 months, the shorter leading index has been advanced by 5 months and the lagging index has been moved back by 9 months. This allows a comparison based on past experience, of whether the indices are in step.

Table B - The indicators: their timing characteristics and data availability

Indicators		Latest data included	Timing relative to reference cycle dates[1] (-) leads (+) lags months		
			Median	Earliest	Latest
Longer leading					
Composite longer leading index	DKBR	January 1991	-12	-39	-7
Component series:					
Financial surplus/deficit, industrial and commercial companies, divided by GDP deflator (£m)	DKDJ	Q4 1990	-16	-39	+12
CBI quarterly survey: change in optimism (percentage balance)	DKDK	January 1991	-12	-34	+ 6
Financial Times - Actuaries 500 share index April 1962=100	DKDI	February 1991	- 7	-20	+ 8
Rate of interest, 3 months prime bank bills	DKDH	February 1991	-18	-30	- 4
Total dwellings started, Great Britain (Thous)	DKBW	January 1991	-13	-40	+ 4
Shorter leading					
Composite shorter leading index	DKBS	January 1991	- 5	-19	+ 6
Component series:					
Consumer credit: change in total borrowing outstanding £m, 1985 prices	DKHK	Q4 1990	- 7	-30	0
Gross trading profits of companies,excluding stock appreciation and mineral oil and natural gas extraction, divided by GDP deflator (£m)	DKDL	Q4 1990	- 8	-21	+ 9
New car registrations (Thous)	DKBY	January 1991	- 8	-26	+ 8
CBI quarterly survey: change in new orders (percentage balance)	DKDM	January 1991	- 7	-28	+ 3
CBI quarterly survey: expected change in stocks of materials (percentage balance)	DKDN	January 1991	- 7	-37	+ 6
Coincident					
Composite coincident index	DKBP	January 1991	N/A	N/A	N/A
Component series:					
GDP(A) Factor Cost Constant prices, 1985=100	DKHJ	Q4 1990	0	- 17	+ 4
Output of the production industries (1985=100)	DVIM	January 1991	0	-17	+ 7
CBI quarterly survey: below capacity[2] utilisation (percentage)	DKCE	January 1991	+ 2	-4	+ 5
Index of volume of retail sales (1985=100)	FAAM	February 1991	0	-15	+20
CBI quarterly survey: change in stocks of[2] raw materials (percentage balance)	DKDO	January 1991	- 1	-10	+12
Lagging					
Composite lagging index	DKBQ	December 1990	+ 9	0	+17
Component series:					
Adult Unemployment index (1985=100)[3]	DKDP	February 1991	+ 6	- 2	+20
Employment in manufacturing industries United Kingdom (thous)	DKDQ	January 1991	+ 1	+23	
Investment in plant and machinery, manufacturing industry (£m, 1985 prices)	DKCK	Q4 1990	+ 9	0	+18
Engineering industries, volume index for orders on hand (Average 1985=100)	DKCJ	December 1990	+10	- 5	+16
Level of stocks and work in progress, manufacturing industry (£m, 1985 prices)	DKCI	Q4 1990	+12	+3	+21

All series seasonally adjusted, unless otherwise indicated.
1 Assessed on performance up to last identified peak, August 1988.
2 Not seasonally adjusted.
3 See Notes to Editors.

Measures of variability of selected economic series[1]

	Table	Period covered	Average percentage changes $\overline{CI}$	$\overline{I}$	$\overline{C}$	$\overline{I}/\overline{C}$	MCD or QCD	$\overline{I}/\overline{C}$ for MCD (or QCD) span
Quarterly series								
National income and components at 1985 prices								
GDP, factor cost								
Expenditure-based	2	Q1 1975 to Q2 1990	*1.1*	*0.6*	*0.8*	0.8	1	0.8
Income-based	2	Q1 1975 to Q2 1990	*1.1*	*0.5*	*0.8*	0.7	1	0.7
Output-based	2,17	Q1 1975 to Q2 1990	*0.9*	*0.4*	*0.8*	0.5	1	0.5
Average estimate	2	Q1 1975 to Q2 1990	*1.0*	*0.4*	*0.8*	0.5	1	0.5
Consumers' expenditure	3,4,5	Q1 1975 to Q2 1990	*1.2*	*0.6*	*0.9*	0.7	1	0.7
Fixed capital formation								
Total	3,9	Q1 1975 to Q2 1990	*2.5*	*1.5*	*1.7*	0.9	1	0.9
Manufacturing industry	10	Q1 1975 to Q2 1990	*3.7*	*1.7*	*2.7*	0.6	1	0.6
Stockbuilding[2]								
Total	3,13	Q1 1975 to Q2 1990	*575.2*	*421.0*	*316.2*	1.3	2	0.5
Manufacturing	13	Q1 1975 to Q2 1990	*358.1*	*243.5*	*196.9*	1.2	2	0.7
Exports: goods and services	3	Q1 1975 to Q2 1990	*2.3*	*1.6*	*1.4*	1.1	2	0.5
Imports: goods and services	3	Q1 1975 to Q2 1990	*3.1*	*1.7*	*2.2*	0.8	1	0.8
Real personal disposable income	4	Q1 1975 to Q2 1990	*1.5*	*0.9*	*1.0*	0.9	1	0.9
Other national income series								
Gross trading profits and trading surplus of corporate sector	34	Q1 1975 to Q2 1990	*5.8*	*3.1*	*4.4*	0.7	1	0.7
Other quarterly series								
Construction output[3]	18	Q1 1975 to Q2 1990	*2.1*	*1.3*	*1.4*	0.9	1	0.9
Public sector borrowing requirement[4]	32	Q1 1975 to Q2 1990	*1105.5*	*804.0*	*572.3*	1.4	2	0.8
Personal saving ratio[5]	4	Q1 1975 to Q2 1990	*1.3*	*1.0*	*0.6*	1.7	2	0.6
Monthly series								
Retail sales (volume per week)								
Food retailers	6	Jan 1971 to Feb 1989	*0.9*	*0.8*	*0.3*	3.0	3	1.0
Mixed retail businesses	6	Jan 1971 to Feb 1989	*2.0*	*1.9*	*0.5*	3.8	4	1.0
Clothing and footwear retailers	6	Jan 1971 to Feb 1989	*2.4*	*2.3*	*0.6*	3.9	4	0.9
Household goods retailers	6	Jan 1971 to Feb 1989	*2.4*	*2.3*	*0.8*	2.9	4	0.9
Other non-food retailers	6	Jan 1971 to Feb 1989	*1.4*	*1.4*	*0.4*	3.5	4	0.9
Cars: new registrations	6	Jan 1980 to Dec 1990	*7.7*	*7.6*	*0.8*	9.2	6	1.5
Housing: local authorities[6]								
Starts	12	Jan 1970 to Jun 1990	*15.2*	*15.1*	*2.4*	6.3	6	1.1
Completions	12	Jan 1970 to Jun 1990	*9.4*	*9.2*	*2.1*	4.5	5	0.9
Housing: housing associations[6]								
Starts	12	Jan 1970 to Jun 1990	*21.6*	*21.1*	*2.8*	7.6	6	1.2
Completions	12	Jan 1970 to Jun 1990	*20.2*	*20.1*	*1.9*	10.5	6	1.7
Housing: private[6]								
Starts	12	Jan 1970 to Jun 1990	*8.6*	*8.2*	*2.6*	3.3	4	0.9
Completions	12	Jan 1970 to Jun 1990	*5.9*	*5.9*	*1.0*	5.7	6	0.9
Index of industrial production:								
Production industries	1,16,17	Jan 1978 to Sep 1990	*1.5*	*1.4*	*0.4*	3.7	4	0.9
Manufacturing industries	16,17	Jan 1978 to Sep 1990	*1.8*	*1.7*	*0.4*	4.1	4	1.0
Passenger car production:								
Home market	19	Jan 1976 to Dec 1989	*7.4*	*7.1*	*1.4*	5.1	5	1.0
Export	19	Jan 1976 to Dec 1989	*12.9*	*12.5*	*2.6*	4.9	6	0.9
Commercial vehicle production:								
Home market	19	Jan 1976 to Dec 1989	*9.4*	*8.8*	*2.6*	3.4	4	1.0
Export	19	Jan 1976 to Dec 1989	*10.4*	*10.1*	*2.4*	4.3	5	0.9
Unemployed males - consistent series, 18 and over[7]	1,21	Jan 1971 to Dec 1990	*16.5*	*4.6*	*15.5*	0.3	1	0.3
Unemployed females - consistent series, 18 and over[7]	1,21	Jan 1971 to Dec 1990	*6.8*	*1.8*	*6.5*	0.3	1	0.3
Vacancies unfilled at job centres[7]	1,21	Apr 1978 to Sep 1990	*4.1*	*2.0*	*3.4*	0.6	1	0.6
Average earnings: whole economy	23	Not currently available	..	..	..	..	..	..
Exports: value, f.o.b.[8]	27	Jan 1980 to May 1990	*3.1*	*3.0*	*1.0*	3.0	3	0.8
Imports: value, f.o.b.[8]	27	Jan 1980 to May 1990	*3.4*	*3.0*	*1.3*	2.3	3	0.7
Money stock - £M0[9]	29	Jun 1969 to Sep 1990	*0.8*	*0.5*	*0.6*	0.8	1	0.8
Money stock - £M4[9]	1,29	Jun 1982 to Sep 1990	*1.2*	*0.4*	*1.2*	0.3	1	0.3

1 For a complete description of these measures see article 'Measuring variability in economic time series' in *Economic Trends*, No 226, August 1972.
The following are brief definitions of the measures.
$\overline{CI}$ is the average month to month (quarter to quarter for quarterly series) percentage change without regard to sign, in the seasonally adjusted series.
$\overline{C}$ is the same for the trend component.
$\overline{I}$ is the same for the irregular component, obtained by dividing the trend component into the seasonally adjusted series, except for those series which are seasonally adjusted using an additive model, see footnotes 2,4,6 and 8.
$\overline{I}/\overline{C}$ is therefore a measure of the size of the relative irregularity of the seasonally adjusted series.
The average changes $\overline{I}$ and $\overline{C}$ can also be computed successively over spans of increasing numbers of months (quarters). MCD (QCD), months (quarters) for cyclical dominance, is the shortest span of months (quarters) for which $\overline{I}/\overline{C}$ is less than 1 and therefore represents the minimum period over which changes in the trend, on average, exceed the irregular movement.
MCD cannot exceed 6 even if $\overline{I}/\overline{C}$ exceeds 1 for 6-month periods.

2 The figures in the table were obtained from an additive analysis of stock changes so $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are not percentage changes but differences in units of £ million. At present, seasonal adjustment of the published stocks series is performed multiplicatively on the level of stocks.

3 Series relates to Great Britain.

4 The seasonal adjustment is additive, so the figures for $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are differences in units of £ million.

5 The figures in the tables were obtained from an additive analysis of the personal saving ratio so $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are differences in percentage points.

6 Series relate to Great Britain, though variability measures are calculated from the England and Wales component.

7 Series relate to Great Britain and may be found in Tables 2.2 and 3.2 of *Employment Gazette*.
The seasonal adjustment is additive, so the figures for $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are not percentage changes but differences in units of thousands.

8 The figures have been updated as described in an article in *Economic Trends*, No 320, June 1980.

9 As the irregular component for £MO and £M4 is obtained by subtraction of the trend rather than by division, the figures for $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are expressed as percentages of the trend level in the preceding month.

United Kingdom Balance of Payments: preliminary figures for the fourth quarter 1990

Current Account

In the fourth quarter the current account deficit (seasonally adjusted) was £0.8 billion (£2.4 billion in the third quarter).
In 1990, the deficit is preliminarily estimated to be £12.8 billion (£19.9 billion in 1989).

Visible Balance

The visible trade deficit in the fourth quarter was £3.0 billion (£3.7 billion in the third quarter); within this the surplus on oil was £0.3 billion (£0.4 billion in previous quarter).

The 1990 deficit was £17.9 billion (£24.0 billion in 1989); within this the surplus on oil was £1.6 billion (£1.3 in 1989).

Invisible Balance

First estimates of invisibles in the fourth quarter showed a surplus of £2.1 billion (£1.3 billion in previous quarter); within this, **Services** (Table A5) showed a surplus of £0.9 billion (£1.0 billion in third quarter), a smaller deficit on the travel account being broadly offset by larger deficits for sea transport and general government.

Interest, profits and dividends (Table A6) showed a surplus of £2.3 billion (£1.5 billion in third quarter); within this net direct investment earnings rose to £3.5 billion (£2.7 billion in the third quarter) with UK overseas earnings (especially of oil companies) remaining at a high level and UK earnings attributable overseas falling back.

UK banks' net interest payments abroad fell to £1.4 billion (£1.8 billion in third quarter).

Transfers (Table A7) showed a deficit of £1.1 billion (as in the third quarter).

The surplus on invisibles in 1990 was £5.1 billion (£4.1 billion in 1989); within this Services showed a lower surplus of £4.4 billion (£4.9 billion in 1989).

Interest, profits and dividends showed a higher surplus of £5.1 billion (£3.8 billion), mainly reflecting higher net direct investment earnings.

Transfers showed a slightly smaller deficit of £4.4 billion (£4.6 billion in 1989).

Capital account (transactions in external assets and liabilities)

Identified transactions in the fourth quarter showed a net outflow of £2.9 billion (net inflow of £1.6 billion in the third quarter. Within this, **Direct investment overseas** was £4.0 billion (£2.8 billion in the third quarter) and **overseas direct investment in the UK** was £1.7 billion (£5.6 billion in the third quarter).

Portfolio investment overseas was £12.6 billion (disinvestment of £0.6 billion in the third quarter) and **overseas portfolio investment in the UK** was £1.2 billion (£2.4 billion in previous quarter).

UK banks' transactions other than direct and portfolio investment (Table A11) showed a net inflow of £12.6 billion - £8.4 billion in foreign currency and £4.2 billion in sterling - (net outflow of £4.5 billion, predominantly foreign currency in the third quarter).

Official reserves decreased by £0.3 billion (increased by £0.4 billion in the third quarter).

Identified transactions in 1990 showed a net inflow of £9.4 billion (£4.7 billion in 1989); within this, **Direct investment overseas** (£9.5 billion) was substantially lower than in 1988 and 1989 (£20.9 billion and £21.6 billion respectively), while overseas direct investment in the UK (£18.0 billion) remained broadly at the high 1989 level (£17.5 billion).

Portfolio investment overseas (£15.0 billion) was well under half the 1989 level (£36.1 billion), while overseas portfolio investment in the UK (£5.3 billion) was close to half its 1989 level (£10.9 billion).

Net borrowing by banks and other UK residents was substantially lower, while the official reserves showed little change (decrease of £5.4 billion in 1989).

Balancing item (not seasonally adjusted)

Errors and omissions in the fourth quarter, representing unidentified net inflows over the current and capital accounts, were £2.1 billion (£1.6 billion in the third quarter).

Errors and ommissions in 1990 were £3.4 billion (£15.2 billion in 1989).

The balancing item has been substantially positive (indicating unidentified net inflows) in most years since 1984.

Careful interpretation of the balance of payments accounts - both current and capital - is needed because of the persistently large and positive balancing items. These large errors and omissions throw doubts on the quality of a number of figures in the accounts.

Note

The figures for the invisible balance in the fourth quarter replace the projection included in the current account press notice for January 1991 published on 28 February. They continue to incorporate the national accounts statistical adjustments introduced in the 1989 Pink Book as part of the adjustments to improve the coherence of the national accounts. The annual adjustments to net exports of goods and services (shown for convenience under exports of services) are allocated over the quarters of 1988 and 1989 on a proportionate basis.

The preliminary estimates of invisibles are subject to revision for several years, sometimes substantial, as new information becomes available. The CSO keeps these revisions constantly under review and bias adjustments are currently made to early estimates of direct investment income and net exports of services. Despite this, early estimates have tended to be revised upwards in recent quarters (i.e. increasing the surplus on invisibles), but the CSO currently considers that there is insufficient evidence to make a further bias adjustment.

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The estimates now incorporate the results of the annual 1989 inquiries into the portfolio investment of insurance companies and pension funds, together with revisions to the results of the corresponding 1988 inquiries.

The estimates also incorporate the results of the annual 1989 inquiries into overseas direct investment and earnings. More details on these figures will be published subsequently in a Business Bulletin and in Business Monitor MA4. The estimates for 1990 based on the quarterly sample survey have been revised in the light of the 1989 survey results. These estimates are based on a quarterly inquiry which, as part of the package of measures announced under the Chancellor's Initiative, was expanded and made compulsory with effect from the third quarter of 1990. Information available from the extended quarterly inquiry also provided the basis of revisions to the figures on direct investment flows for the first half of 1990.

The estimates of securities dealers' transactions in short-term assets and liabilities (and related interest payments) have been revised in the light of information on transactions with overseas affiliates obtained in the 1989 direct investment inquiry.

The series on direct investment earnings for oil companies have been affected by sharply fluctuating prices for crude oil. Rises in the price of crude oil have lead to stock gains, and subsequent reductions in the oil price are likely to lead to stock losses. However, the timing and extent of these effects and the relationship with reported profits are difficult to predict and this element of the accounts has been more volatile than usual.

The revised method of allowing for exchange rate effects in estimating UK banks' foreign currency lending and borrowing flows has now been incorporated into the figures from 1987.

Net transactions in assets and liabilities should, with reversal of sign, equal the (unadjusted) balance on the current account. In practice, because the information comes from different sources, there is a discrepancy - the balancing item. This mismatch between identified current transactions and their (capital account) financing reflects errors and omissions which are likely, to varying degrees, to affect most entries in the accounts (see Pink Book 1990 pages 5 and 6).

A programme of work to improve balance of payments statistics is now underway (see Pink Book 1990, page 6).

CSO Databank identifiers are shown against the series included in the tables. The data in this issue, and those for earlier periods, can be obtained in computer readable form via CSO Databank service. Details of this service and a schedule of charges can be obtained from the Databank Manager, CSO/E1, Room 52/4, Government Offices, Great George Street, London, SW1P 3AQ (Telephone : 071-270 6386).

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A1 Balance of payments summary

£ million

	Seasonally adjusted						Not seasonally adjusted						
		Invisibles (balance)							UK external assets and liabilities			Allocation of SDRs and gold subscription to IMF	
	Visible trade (balance)	Services	I.P.D.	Transfers	Total	Current balance	Current balance	Capital transfers	Transactions in assets[1]	Transactions in liabilities[1]	Net transactions		Balancing item
	AIMA	AIMC	AIMD	AIME	AIMB	AIMF	AIMG	AAAZ	HEPZ	HEQW	HEQU	AIMI	AASA
1981	3 252	3 792	1 251	-1 547	3 496	6 748	6 748	-	-50 769	43 334	-7 436	158	530
1982	1 910	3 022	1 460	-1 741	2 741	4 649	4 649	-	-31 407	28 820	-2 589	-	-2 060
1983	-1 537	4 064	2 854	-1 593	5 325	3 787	3 787	-	-30 172	25 622	-4 551	-	764
1984	-5 336	4 519	4 379	-1 730	7 168	1 832	1 832	-	-32 041	24 119	-7 923	-	6 091
1985	-3 345	6 687	2 507	-3 111	6 083	2 738	2 738	-	-52 919	46 290	-6 629	-	3 891
1986	-9 485	6 696	4 881	-2 157	9 420	-66	-66	-	-92 888	85 886	-7 001	-	7 067
1987	-11 224	6 628	3 677	-3 402	6 903	-4 322	-4 322	-	-83 877	88 256	4 380	-	-58
1988	-21 077	4 545	4 536	-3 546	5 535	-15 542	-15 542	-	-55 625	63 620	7 996	-	7 546
1989	-23 998	4 891	3 781	-4 578	4 094	-19 904	-19 904	-	-88 653	93 319	4 665	-	15 239
1990	-17 911	4 406	5 134	-4 421	5 119	-12 794	-12 794	-	-69 957	79 386	9 429	-	3 365
1981 Q1	1 684	1 043	260	-52	1 251	2 935	2 664	-	-15 112	10 800	-4 313	158	1 491
Q2	1 281	900	381	-588	693	1 974	1 662	-	-8 535	6 032	-2 503	-	841
Q3	-148	1 046	294	-671	669	521	625	-	-13 849	13 132	-717	-	92
Q4	435	803	316	-236	883	1 318	1 797	-	-13 273	13 370	97	-	-1 894
1982 Q1	262	939	93	125	1 157	1 419	1 157	-	-11 602	11 324	-278	-	-879
Q2	138	776	433	-743	466	604	154	-	-37	1 216	1 178	-	-1 332
Q3	549	591	402	-647	346	896	921	-	-18 416	16 418	-1 999	-	1 078
Q4	961	716	532	-476	772	1 730	2 417	-	-1 352	-138	-1 490	-	-927
1983 Q1	-217	1 080	806	53	1 939	1 722	1 462	-	-10 722	8 454	-2 269	-	807
Q2	-575	973	382	-675	680	105	-386	-	-193	376	183	-	203
Q3	-142	938	1 004	-417	1 525	1 382	1 369	-	-11 468	11 864	396	-	-1 765
Q4	-603	1 073	662	-554	1 181	578	1 342	-	-7 789	4 928	-2 861	-	1 519
1984 Q1	-448	1 189	883	-309	1 763	1 315	867	-	-14 082	12 895	-1 187	-	320
Q2	-1 387	1 009	884	-649	1 244	-143	-704	-	-8 914	6 855	-2 060	-	2 764
Q3	-1 534	1 124	957	-636	1 445	-90	102	-	-597	-568	-1 165	-	1 063
Q4	-1 967	1 197	1 655	-136	2 716	750	1 567	-	-8 448	4 937	-3 511	-	1 944
1985 Q1	-1 962	1 456	893	-835	1 514	-448	-787	-	-17 219	13 586	-3 633	-	4 420
Q2	-214	1 747	613	-651	1 709	1 495	852	-	-6 778	6 293	-486	-	-366
Q3	-538	1 797	712	-881	1 628	1 090	1 239	-	-16 019	10 036	-5 982	-	4 743
Q4	-631	1 687	289	-744	1 232	601	1 434	-	-12 903	16 375	3 472	-	-4 906
1986 Q1	-1 580	1 735	1 028	67	2 830	1 250	653	-	-15 796	13 878	-1 918	-	1 265
Q2	-2 103	1 532	1 171	-544	2 159	56	-217	-	-15 339	12 471	-2 867	-	3 084
Q3	-2 916	1 676	1 350	-803	2 223	-693	-848	-	-43 570	43 298	-272	-	1 120
Q4	-2 886	1 753	1 332	-877	2 208	-679	346	-	-18 183	16 239	-1 944	-	1 598
1987 Q1	-1 752	1 727	1 085	-766	2 046	293	17	-	-17 639	19 121	1 483	-	-1 500
Q2	-2 760	1 701	872	-759	1 814	-947	-1 203	-	-26 271	27 117	846	-	357
Q3	-2 974	1 802	905	-982	1 725	-1 249	-1 613	-	-26 308	25 164	-1 144	-	2 757
Q4	-3 738	1 398	815	-895	1 318	-2 419	-1 523	-	-13 659	16 854	3 195	-	-1 672
1988 Q1	-4 182	1 200	839	-1 052	987	-3 195	-3 479	-	-5 213	9 053	3 840	-	-361
Q2	-4 797	1 273	1 277	-894	1 656	-3 141	-3 434	-	-20 003	19 914	-89	-	3 523
Q3	-5 499	1 146	1 136	-209	2 073	-3 426	-3 809	-	-23 083	26 303	3 220	-	589
Q4	-6 599	926	1 284	-1 391	819	-5 780	-4 820	-	-7 326	8 350	1 025	-	3 795
1989 Q1	-6 210	1 089	1 248	-708	1 629	-4 581	-4 421	-	-29 243	32 068	2 824	-	1 597
Q2	-6 610	1 509	1 173	-844	1 838	-4 772	-5 390	-	-16 065	15 128	-936	-	6 326
Q3	-6 424	1 268	455	-1 396	327	-6 097	-6 830	-	-19 952	29 796	9 844	-	-3 014
Q4	-4 754	1 025	905	-1 630	300	-4 454	-3 263	-	-23 393	16 327	-7 067	-	10 330
1990 Q1	-5 905	1 376	669	-925	1 120	-4 785	-5 165	-	-14 926	24 366	9 440	-	-4 275
Q2	-5 284	1 191	673	-1 303	561	-4 723	-5 151	-	-3 194	4 488	1 294	-	3 857
Q3	-3 748	961	1 456	-1 112	1 305	-2 443	-3 250	-	-31 570	33 179	1 609	-	1 641
Q4	-2 974	878	2 336	-1 081	2 133	-843	772	-	-20 267	17 353	-2 914	-	2 142

1 Prior to 1979 foreign currency lending and borrowing abroad by UK banks (other than certain export credit extended) is recorded on a net basis under liablities.

A2 Visible trade in the balance of payments

£ million

	Not seasonally adjusted			Seasonally adjusted								
	Total goods			Oil			Non-oil			Total goods		
	Exports (f.o.b.)	Imports (f.o.b.)	Visible balance	Exports (f.o.b.)	Imports (f.o.b.)	Visible balance	Exports (f.o.b.)	Imports (f.o.b.)	Visible balance	Exports (f.o.b.)	Imports (f.o.b.)	Visible balance
	CGJP	CGGL	HCHL	CGQE	CGQG	CGQI	CGQF	CGQH	CGQJ	CGKG	CGHK	AIMA
1981	50 668	47 416	3 251	9 092	5 987	3 105	41 576	41 429	147	50 668	47 416	3 252
1982	55 331	53 421	1 911	10 671	6 032	4 639	44 660	47 389	-2 729	55 331	53 421	1 910
1983	60 700	62 237	-1 537	12 486	5 514	6 972	48 214	56 723	-8 509	60 700	62 237	-1 537
1984	70 265	75 601	-5 336	14 834	7 901	6 933	55 431	67 700	-12 269	70 265	75 601	-5 336
1985	77 991	81 336	-3 345	16 115	8 014	8 101	61 876	73 322	-11 446	77 991	81 336	-3 345
1986	72 656	82 141	-9 363	8 189	4 119	4 070	64 467	77 900	-13 433	72 656	82 141	-9 485
1987	79 446	90 670	-11 224	8 445	4 262	4 183	71 001	86 408	-15 407	79 446	90 670	-11 224
1988	80 776	101 853	-21 077	6 018	3 221	2 797	74 758	98 632	-23 874	80 776	101 853	-21 077
1989	92 831	116 829	-23 998	5 919	4 616	1 303	86 912	112 213	-25 301	92 831	116 829	-23 998
1990	102 746	120 657	-17 911	7 509	5 933	1 576	95 237	114 724	-19 487	102 746	120 657	-17 911
1981 Q1	11 699	10 238	1 461	2 068	1 325	743	9 715	8 774	941	11 783	10 099	1 684
Q2	12 263	11 171	1 092	2 208	1 314	894	10 006	9 619	387	12 214	10 933	1 281
Q3	12 678	12 835	-157	2 429	1 652	777	10 740	11 665	-925	13 169	13 317	-148
Q4	14 028	13 172	856	2 387	1 696	691	11 115	11 371	-256	13 502	13 067	435
1982 Q1	13 211	13 246	-35	2 362	1 690	672	10 972	11 382	-410	13 334	13 072	262
Q2	13 752	13 849	-97	2 420	1 492	928	11 350	12 140	-790	13 770	13 632	138
Q3	13 448	12 911	537	2 849	1 504	1 345	11 007	11 803	-796	13 856	13 307	549
Q4	14 920	13 415	1 505	3 040	1 346	1 694	11 331	12 064	-733	14 371	13 410	961
1983 Q1	14 652	15 071	-419	2 921	1 353	1 568	11 655	13 440	-1 785	14 576	14 793	-217
Q2	14 750	15 681	-931	3 022	1 389	1 633	11 771	13 979	-2 208	14 793	15 368	-575
Q3	14 768	15 085	-317	3 099	1 418	1 681	12 351	14 174	-1 823	15 450	15 592	-142
Q4	16 530	16 400	130	3 444	1 354	2 090	12 437	15 130	-2 693	15 881	16 484	-603
1984 Q1	16 835	17 566	-731	3 418	1 394	2 024	13 162	15 634	-2 472	16 580	17 028	-448
Q2	16 816	18 636	-1 820	3 596	1 926	1 670	13 414	16 471	-3 057	17 010	18 397	-1 387
Q3	16 683	18 395	-1 712	3 923	2 055	1 868	13 942	17 344	-3 402	17 865	19 399	-1 534
Q4	19 931	21 004	-1 073	3 897	2 526	1 371	14 913	18 251	-3 338	18 810	20 777	-1 967
1985 Q1	19 956	22 031	-2 075	4 370	2 959	1 411	15 500	18 873	-3 373	19 870	21 832	-1 962
Q2	20 192	20 927	-735	4 589	1 896	2 693	15 899	18 806	-2 907	20 488	20 702	-214
Q3	17 897	18 681	-784	3 631	1 580	2 051	15 266	17 855	-2 589	18 897	19 435	-538
Q4	19 946	19 697	249	3 525	1 579	1 946	15 211	17 788	-2 577	18 736	19 367	-631
1986 Q1	17 532	19 552	-1 966	2 850	1 198	1 652	15 341	18 516	-3 175	18 191	19 771	-1 580
Q2	18 305	20 599	-2 269	1 853	1 029	824	16 097	19 001	-2 904	17 950	20 053	-2 103
Q3	16 663	19 863	-3 180	1 646	871	775	15 974	19 644	-3 670	17 620	20 536	-2 916
Q4	20 156	22 127	-1 948	1 840	1 021	819	17 055	20 739	-3 684	18 895	21 781	-2 886
1987 Q1	19 432	21 471	-2 039	2 087	1 067	1 020	17 656	20 428	-2 772	19 743	21 495	-1 752
Q2	19 348	22 363	-3 015	2 116	1 019	1 097	17 230	21 087	-3 857	19 346	22 106	-2 760
Q3	19 286	22 740	-3 454	2 216	1 096	1 120	18 176	22 270	-4 094	20 392	23 366	-2 974
Q4	21 380	24 096	-2 716	2 026	1 080	946	17 939	22 623	-4 684	19 965	23 703	-3 738
1988 Q1	19 246	23 753	-4 507	1 658	780	878	17 657	22 717	-5 060	19 315	23 497	-4 182
Q2	20 192	25 203	-5 011	1 678	782	896	18 437	24 130	-5 693	20 115	24 912	-4 797
Q3	19 839	25 806	-5 967	1 504	852	652	19 461	25 612	-6 151	20 965	26 464	-5 499
Q4	21 499	27 091	-5 592	1 178	807	371	19 203	26 173	-6 970	20 381	26 980	-6 599
1989 Q1	21 422	27 686	-6 264	1 225	963	262	20 636	27 108	-6 472	21 861	28 071	-6 210
Q2	22 876	29 953	-7 077	1 409	1 252	157	20 973	27 740	-6 767	22 382	28 992	-6 610
Q3	22 090	29 278	-7 188	1 532	1 158	374	22 108	28 906	-6 798	23 640	30 064	-6 424
Q4	26 443	29 912	-3 469	1 753	1 243	510	23 195	28 459	-5 264	24 948	29 702	-4 754
1990 Q1	24 986	31 206	-6 220	1 894	1 511	383	23 456	29 744	-6 288	25 350	31 255	-5 905
Q2	25 995	31 560	-5 565	1 647	1 213	434	24 220	29 938	-5 718	25 867	31 151	-5 284
Q3	23 902	28 692	-4 790	1 782	1 337	445	23 806	27 999	-4 193	25 588	29 336	-3 748
Q4	27 863	29 199	-1 336	2 186	1 872	314	23 755	27 043	-3 288	25 941	28 915	-2 974

A3 Volume, implied price and unit value indices

1985 = 100

	Seasonally adjusted				Not seasonally adjusted						
	Volume indices				Implied price indices[1]			Unit value indices[2]		Terms of trade[3]	
	All goods	Non-oil goods	Services	Goods and services	Goods	Services	Goods and services	All goods	Non-oil goods	All goods	Non-oil goods
Exports	CGTR	CGSV	CGSI	HHCX	HHCZ	CGTA	HDUV	CGTO	CGSX	CGTQ	CGSZ
1981	83.3	86.7	95.1	86.0	78.0	72.3	76.6	76.2	75.3	103.4	102.7
1982	85.6	87.8	90.2	86.7	82.8	78.9	81.9	81.4	80.6	101.9	101.8
1983	87.6	88.2	91.8	88.6	88.8	87.0	88.4	88.0	87.4	100.7	100.1
1984	94.7	94.8	93.5	94.4	95.1	95.4	95.2	95.0	94.0	99.7	98.8
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	104.0	104.0	106.0	104.6	89.6	99.7	91.9	90.4	101.4	94.5	100.6
1987	109.7	111.9	113.6	110.6	92.8	101.0	94.9	93.8	104.7	95.9	101.7
1988	111.8	116.2	108.2	110.9	92.6	105.0	95.5	93.9	108.1	97.1	104.8
1989	117.3	128.2	111.5	115.9	101.5	112.9	104.1	101.2	114.8	97.9	105.0
1990	125.3	136.7	109.6	121.5	105.2	119.4	108.3	106.8	119.4	99.5	105.8
1986 Q1	99.8	100.5	104.5	101.9	92.5	99.1	94.0	93.3	99.7	97.1	100.8
Q2	105.3	104.3	104.9	104.4	88.7	97.8	90.7	88.9	100.8	94.5	101.7
Q3	104.5	103.0	107.2	105.0	86.3	100.1	89.9	88.2	101.5	93.7	100.9
Q4	106.2	108.1	107.6	107.3	90.9	101.8	93.1	91.3	103.5	92.8	99.0
1987 Q1	110.1	112.2	110.4	110.1	91.6	99.9	93.5	93.1	104.0	93.5	99.2
Q2	107.3	109.0	114.5	109.0	92.9	100.2	94.7	93.5	104.3	96.2	102.1
Q3	111.0	113.9	117.8	112.6	93.9	103.0	96.5	94.7	105.2	97.1	102.7
Q4	110.5	112.4	111.6	110.8	93.0	100.5	94.7	93.9	105.4	96.7	102.9
1988 Q1	109.2	111.1	111.0	109.6	90.3	101.1	92.8	92.7	106.2	96.6	103.9
Q2	113.5	116.1	111.1	112.9	91.3	102.7	93.9	93.3	107.0	97.4	104.9
Q3	114.4	120.0	106.1	112.4	93.8	108.1	97.6	94.9	109.3	97.6	105.6
Q4	110.2	117.7	104.8	108.9	95.1	107.7	97.8	94.7	110.0	97.0	105.3
1989 Q1	113.6	124.9	114.1	113.7	98.1	106.3	100.0	97.8	112.0	98.7	106.2
Q2	113.0	124.3	114.1	113.2	101.9	111.5	104.2	100.8	113.8	98.5	105.6
Q3	118.8	129.3	111.3	117.0	102.0	115.8	105.7	102.2	116.2	97.3	104.7
Q4	123.8	134.5	106.6	119.7	103.6	117.3	106.3	103.9	117.1	96.9	103.6
1990 Q1	124.8	134.6	113.9	122.2	103.7	117.3	106.6	105.5	118.8	97.4	104.0
Q2	126.6	137.7	110.4	122.7	104.9	120.1	108.1	105.4	120.4	97.6	104.9
Q3	123.7	136.2	106.9	119.7	106.1	121.0	109.8	107.4	120.1	101.5	107.3
Q4	125.8	138.2	107.2	121.4	106.0	119.0	108.5	108.7	118.4	101.6	107.1
Imports	CGTS	CGSW	CGSP	HHCY	HHDA	CGTB	HDWN	CGTP	CGSY		
1981	75.8	73.7	95.4	79.4	77.0	76.4	76.9	73.7	73.3		
1982	80.1	79.2	97.5	83.3	82.2	82.6	82.3	79.9	79.2		
1983	87.0	87.7	96.4	88.7	87.9	90.3	88.4	87.4	87.3		
1984	96.9	96.5	100.0	97.5	95.9	97.2	96.1	95.3	95.2		
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
1986	107.1	106.7	104.7	106.9	94.4	103.0	95.6	95.7	100.8		
1987	115.3	116.3	114.9	115.3	96.6	105.0	98.1	97.8	103.0		
1988	131.0	133.6	125.3	130.0	95.6	104.4	97.1	96.7	103.1		
1989	141.5	143.9	130.4	139.5	101.5	111.8	103.2	103.4	109.3		
1990	143.4	144.5	133.9	141.7	103.4	116.0	105.5	107.3	112.9		
1986 Q1	102.8	104.6	104.0	102.2	96.2	100.8	96.9	96.1	98.9		
Q2	105.0	104.5	105.7	106.1	93.5	99.9	94.4	94.1	99.1		
Q3	110.0	108.0	103.3	108.7	91.9	106.3	94.5	94.1	100.6		
Q4	110.6	109.7	105.8	110.5	96.0	104.4	97.0	98.4	104.5		
1987 Q1	108.7	109.1	107.7	108.5	97.6	104.8	98.8	99.6	104.8		
Q2	112.9	114.2	113.2	113.0	96.6	104.4	98.0	97.2	102.2		
Q3	118.6	120.0	116.9	118.3	96.5	107.7	98.9	97.5	102.4		
Q4	121.2	122.1	121.9	121.3	95.9	102.2	96.9	97.1	102.4		
1988 Q1	121.8	124.3	124.1	122.3	95.1	102.6	96.3	96.0	102.2		
Q2	129.1	132.0	123.3	128.0	95.3	104.1	96.8	95.8	102.0		
Q3	134.9	137.9	122.5	132.7	96.1	107.9	98.4	97.2	103.5		
Q4	138.1	140.3	131.3	136.9	95.8	102.1	96.8	97.6	104.5		
1989 Q1	141.6	144.0	136.8	140.8	97.5	104.3	98.6	99.1	105.5		
Q2	141.5	143.7	128.1	139.1	101.3	110.4	102.8	102.3	107.8		
Q3	143.2	145.8	128.5	140.6	102.9	116.1	105.5	105.0	111.0		
Q4	139.7	142.1	128.2	137.6	104.3	115.0	105.9	107.2	113.0		
1990 Q1	146.5	147.1	132.5	144.0	104.8	115.1	106.3	108.3	114.2		
Q2	146.4	147.4	132.0	143.8	105.3	118.0	107.4	108.0	114.8		
Q3	142.0	142.6	131.8	140.1	101.4	118.7	104.9	105.8	111.9		
Q4	138.9	140.7	139.3	139.0	102.0	111.3	103.5	107.0	110.5		

1 Current price value as a percentage of value at 1985 prices. Shows the price difference compared with 1985 for the current pattern of trade.

2 Shows the price difference compared with 1985 for the 1985 pattern of trade (the 1980 pattern up to 1982). Not available for services.

3 Export unit value indices as a percentage of import unit value indices. These values are shown against "exports" for convenience.

A4 Invisibles: summary

£ million

	Seasonally adjusted										Not seasonally adjusted		
	Invisibles credits				Invisibles debits				Invisibles balance		Total invisibles		
	Services	IPD	Transfers	Total	Services	IPD	Transfers	Total	Private sector and PC: services and IPD	Gen. govt. transactions and private transfers	Total	Credits	Debits	Balance
	CGKS	CGKL	CGKT	CGKR	CGHU	CGHJ	CGHV	CGHT	CGIV	CGIS	AIMB	CGJY	CGGY	CGIK
1981	16 948	37 529	2 792	57 269	13 156	36 278	4 339	53 773	5 876	-2 380	3 496	57 269	53 773	3 496
1982	17 561	44 397	3 402	65 360	14 539	42 939	5 143	62 621	5 943	-3 202	2 741	65 360	62 621	2 741
1983	19 570	42 470	3 763	65 803	15 506	39 617	5 356	60 479	8 394	-3 069	5 325	65 803	60 479	5 325
1984	21 838	51 634	4 044	77 516	17 319	47 255	5 774	70 348	10 591	-3 423	7 168	77 516	70 348	7 168
1985	24 499	52 123	3 535	80 157	17 812	49 616	6 646	74 074	11 234	-5 151	6 083	80 157	74 074	6 083
1986	25 905	47 473	3 870	77 248	19 209	42 593	6 027	67 829	13 888	-4 468	9 420	77 248	67 829	9 420
1987	28 115	47 790	3 952	79 857	21 487	44 114	7 354	72 955	13 017	-6 114	6 903	79 857	72 955	6 903
1988	27 851	56 326	3 822	87 999	23 306	51 790	7 368	82 464	11 736	-6 201	5 535	87 999	82 464	5 535
1989	30 839	73 716	3 893	108 448	25 948	69 935	8 471	104 354	11 410	-7 316	4 094	108 448	104 354	4 094
1990	32 063	82 180	3 993	118 236	27 657	77 048	8 414	113 119	12 282	-7 163	5 119	118 236	113 119	5 119
1981 Q1	4 001	7 198	1 033	12 232	2 958	6 938	1 085	10 981	1 435	-184	1 251	11 868	10 665	1 203
Q2	4 135	8 414	433	12 982	3 235	8 033	1 021	12 289	1 476	-783	693	12 926	12 356	570
Q3	4 381	10 254	533	15 168	3 335	9 960	1 204	14 499	1 554	-885	669	15 726	14 944	782
Q4	4 431	11 663	793	16 887	3 628	11 347	1 029	16 004	1 411	-528	883	16 749	15 808	941
1982 Q1	4 340	10 394	1 380	16 114	3 401	10 301	1 255	14 957	1 329	-172	1 157	15 741	14 549	1 193
Q2	4 425	11 242	526	16 193	3 649	10 809	1 269	15 727	1 572	-1 106	466	16 118	15 867	251
Q3	4 323	11 241	672	16 236	3 732	10 838	1 319	15 889	1 412	-1 066	346	16 803	16 419	385
Q4	4 473	11 520	824	16 817	3 757	10 991	1 300	16 048	1 630	-858	772	16 698	15 786	912
1983 Q1	4 822	11 479	1 280	17 581	3 742	10 673	1 227	15 642	2 234	-295	1 939	17 141	15 260	1 881
Q2	4 770	9 960	720	15 450	3 797	9 578	1 395	14 770	1 698	-1 018	680	15 403	14 858	546
Q3	4 977	10 351	844	16 172	4 039	9 348	1 261	14 648	2 313	-788	1 525	16 829	15 143	1 686
Q4	5 001	10 680	919	16 600	3 928	10 018	1 473	15 419	2 149	-968	1 181	16 430	15 218	1 212
1984 Q1	5 277	11 352	1 063	17 692	4 088	10 469	1 372	15 929	2 471	-708	1 763	17 440	15 842	1 598
Q2	5 287	11 966	757	18 010	4 278	11 082	1 406	16 766	2 333	-1 089	1 244	17 818	16 702	1 116
Q3	5 494	13 610	772	19 876	4 370	12 654	1 408	18 432	2 514	-1 069	1 445	20 587	18 773	1 814
Q4	5 780	14 706	1 452	21 938	4 583	13 050	1 588	19 221	3 273	-557	2 716	21 671	19 031	2 640
1985 Q1	6 075	14 465	972	21 512	4 619	13 572	1 807	19 998	2 853	-1 339	1 514	21 242	19 954	1 288
Q2	6 126	13 455	777	20 358	4 379	12 842	1 428	18 649	2 829	-1 120	1 709	20 118	18 531	1 588
Q3	6 089	12 404	977	19 470	4 292	11 692	1 858	17 842	3 066	-1 438	1 628	20 332	18 309	2 022
Q4	6 209	11 799	809	18 817	4 522	11 510	1 553	17 585	2 486	-1 254	1 232	18 465	17 280	1 185
1986 Q1	6 364	11 740	1 059	19 163	4 629	10 712	992	16 333	3 360	-530	2 830	18 741	16 068	2 673
Q2	6 303	11 467	1 041	18 811	4 771	10 296	1 585	16 652	3 243	-1 084	2 159	18 637	16 560	2 077
Q3	6 504	11 939	949	19 392	4 828	10 589	1 752	17 169	3 569	-1 346	2 223	20 294	17 942	2 353
Q4	6 734	12 327	821	19 882	4 981	10 996	1 698	17 675	3 716	-1 508	2 208	19 576	17 259	2 317
1987 Q1	6 809	11 722	1 270	19 801	5 082	10 638	2 036	17 756	3 411	-1 365	2 046	19 429	17 373	2 055
Q2	7 056	11 902	1 087	20 045	5 355	11 031	1 846	18 232	3 202	-1 388	1 814	19 881	18 069	1 813
Q3	7 323	12 039	890	20 252	5 521	11 134	1 872	18 527	3 426	-1 701	1 725	21 327	19 486	1 842
Q4	6 927	12 127	705	19 759	5 529	11 311	1 600	18 440	2 978	-1 660	1 318	19 220	18 027	1 193
1988 Q1	6 933	12 861	904	20 698	5 733	12 022	1 956	19 711	2 649	-1 662	987	20 233	19 205	1 029
Q2	7 021	13 490	1 047	21 558	5 748	12 213	1 941	19 902	3 210	-1 554	1 656	21 445	19 868	1 577
Q3	6 919	14 743	1 028	22 690	5 773	13 607	1 237	20 617	2 929	-856	2 073	23 806	21 648	2 157
Q4	6 978	15 232	843	23 053	6 052	13 948	2 234	22 234	2 948	-2 129	819	22 515	21 743	772
1989 Q1	7 513	17 029	1 228	25 770	6 424	15 781	1 936	24 141	3 054	-1 425	1 629	25 229	23 386	1 843
Q2	7 834	18 430	1 105	27 369	6 325	17 257	1 949	25 531	3 304	-1 466	1 838	27 161	25 474	1 687
Q3	7 776	18 170	710	26 656	6 508	17 715	2 106	26 329	2 427	-2 100	327	27 959	27 601	358
Q4	7 716	20 087	850	28 653	6 691	19 182	2 480	28 353	2 625	-2 325	300	28 099	27 893	206
1990 Q1	8 258	19 763	1 151	29 172	6 882	19 094	2 076	28 052	2 680	-1 560	1 120	28 383	27 328	1 055
Q2	8 155	19 858	810	28 823	6 964	19 185	2 113	28 262	2 560	-1 999	561	28 684	28 270	415
Q3	7 765	20 600	891	29 256	6 804	19 144	2 003	27 951	3 098	-1 793	1 305	30 606	29 066	1 540
Q4	7 885	21 959	1 141	30 985	7 007	19 625	2 222	28 854	3 944	-1 811	2 133	30 563	28 455	2 109

A5 Services

£ million

	General government			Sea transport			Civil aviation		
	Credits	Debits	Balance	Credits	Debits	Balance	Credits	Debits	Balance
	CGJR	CGGI	CGIG	CGJW	CGGW	HBTO	CGJO	CGGG	HDJA
1981	401	1 264	-863	3 731	3 818	-87	2 359	2 005	354
1982	404	1 754	-1 350	3 215	3 589	-374	2 471	2 184	287
1983	470	1 522	-1 052	3 043	3 665	-622	2 665	2 363	302
1984	474	1 655	-1 181	3 244	3 600	-356	2 931	2 676	255
1985	483	1 781	-1 298	3 211	3 508	-297	3 078	2 877	201
1986	511	1 920	-1 409	3 216	3 308	-92	2 786	3 194	-408
1987	521	2 141	-1 620	3 282	3 313	-31	3 159	3 775	-616
1988	551	2 351	-1 800	3 526	3 571	-45	3 192	4 097	-905
1989	449	2 698	-2 249	3 870	3 837	33	3 758	4 261	-503
1990	430	2 750	-2 320	3 819	4 092	-273	4 359	4 678	-319
Not seasonally adjusted									
1985 Q1	155	456	-301	773	961	-188	618	605	13
Q2	93	414	-321	827	904	-77	784	721	63
Q3	110	466	-356	808	843	-35	941	848	93
Q4	125	445	-320	803	800	3	735	703	32
1986 Q1	181	509	-328	743	772	-29	618	703	-85
Q2	87	451	-364	840	875	-35	648	790	-142
Q3	99	436	-337	811	831	-20	820	964	-144
Q4	144	524	-380	822	830	-8	700	737	-37
1987 Q1	239	500	-261	758	783	-25	580	781	-201
Q2	102	512	-410	835	829	6	796	915	-119
Q3	103	541	-438	884	868	16	1 043	1 181	-138
Q4	77	588	-511	805	833	-28	740	898	-158
1988 Q1	221	551	-330	821	844	-23	617	921	-304
Q2	92	601	-509	886	895	-9	790	944	-154
Q3	112	560	-448	920	948	-28	1 021	1 193	-172
Q4	126	639	-513	899	884	15	764	1 039	-275
1989 Q1	157	667	-510	908	969	-61	696	935	-239
Q2	79	646	-567	1 007	986	21	944	999	-55
Q3	112	682	-570	1 003	1 010	-7	1 198	1 277	-79
Q4	101	703	-602	952	872	80	920	1 050	-130
1990 Q1	165	652	-487	953	920	33	840	1 110	-270
Q2	72	691	-619	986	1 038	-52	1 094	1 142	-48
Q3	91	670	-579	963	1 047	-84	1 377	1 337	40
Q4	102	737	-635	917	1 087	-170	1 048	1 089	-41
Seasonally adjusted									
	CGKK	CGHH	CGIP	CGKP	CGHR	HHCS	CGKE	CGHF	HHCT
1985 Q1	116	456	-340	813	970	-157	771	684	87
Q2	114	414	-300	802	894	-92	795	724	71
Q3	118	466	-348	783	821	-38	761	715	46
Q4	135	445	-310	813	823	-10	751	754	-3
1986 Q1	130	509	-379	778	801	-23	779	791	-12
Q2	115	451	-336	829	859	-30	656	796	-140
Q3	111	436	-325	783	806	-23	661	795	-134
Q4	155	524	-369	826	842	-16	690	812	-122
1987 Q1	180	500	-320	791	813	-22	723	880	-157
Q2	142	512	-370	821	821	-	804	932	-128
Q3	116	541	-425	848	839	9	829	975	-146
Q4	83	588	-505	822	840	-18	803	988	-185
1988 Q1	165	551	-386	861	863	-2	776	1 033	-257
Q2	140	601	-461	864	886	-22	796	966	-170
Q3	118	560	-442	883	918	-35	809	986	-177
Q4	128	639	-511	918	904	14	811	1 112	-301
1989 Q1	102	667	-565	949	1 002	-53	881	1 044	-163
Q2	123	646	-523	983	963	20	949	1 027	-78
Q3	119	682	-563	963	966	-3	951	1 061	-110
Q4	105	703	-598	975	906	69	977	1 129	-152
1990 Q1	111	652	-541	1 000	942	58	1 062	1 238	-176
Q2	113	691	-578	965	1 024	-59	1 099	1 177	-78
Q3	99	670	-571	924	1 015	-91	1 086	1 110	-24
Q4	107	737	-630	930	1 111	-181	1 112	1 153	-41

A5 Services
continued

£ million

	Travel			Financial and other services				Total services			
	Credits	Debits	Balance	Credits	Debits	Balance	National accounts statistical adjustment	Credits	Debits	Balance	of which, balance for private sector and public corporations
	CGKA	CGHA	HBYE	HHDE	HBVH	HHCW	HCGM	CGJZ	CGGZ	CGIN	CGIL
1981	2 970	3 272	-302	7 487	2 797	4 690	-	16 948	13 156	3 792	4 655
1982	3 188	3 640	-452	8 283	3 372	4 911	-	17 561	14 539	3 022	4 372
1983	4 003	4 090	-87	9 389	3 866	5 523	-	19 570	15 506	4 064	5 116
1984	4 614	4 663	-49	10 575	4 725	5 850	-	21 838	17 319	4 519	5 700
1985	5 442	4 871	571	12 285	4 775	7 510	-	24 499	17 812	6 687	7 985
1986	5 553	6 083	-530	13 839	4 704	9 135	-	25 905	19 209	6 696	8 105
1987	6 260	7 280	-1 020	14 893	4 978	9 915	-	28 115	21 487	6 628	8 248
1988	6 184	8 216	-2 032	14 398	5 071	9 327	-	27 851	23 306	4 545	6 345
1989	6 945	9 357	-2 412	15 317	5 795	9 522	500	30 839	25 948	4 891	7 140
1990	7 477	9 907	-2 430	15 448	6 230	9 218	530	32 063	27 657	4 406	6 726
Not seasonally adjusted											
1985 Q1	900	845	55	3 111	1 199	1 912	-	5 557	4 066	1 491	1 792
Q2	1 330	1 152	178	2 975	1 206	1 769	-	6 009	4 397	1 612	1 933
Q3	2 064	1 876	188	3 115	1 164	1 951	-	7 038	5 197	1 841	2 197
Q4	1 148	998	150	3 084	1 206	1 878	-	5 895	4 152	1 743	2 063
1986 Q1	937	897	40	3 365	1 135	2 230	-	5 844	4 016	1 828	2 156
Q2	1 278	1 458	-180	3 324	1 165	2 159	-	6 177	4 739	1 438	1 802
Q3	2 095	2 543	-448	3 620	1 173	2 447	-	7 445	5 947	1 498	1 835
Q4	1 243	1 185	58	3 530	1 231	2 299	-	6 439	4 507	1 932	2 312
1987 Q1	1 015	1 086	-71	3 662	1 201	2 461	-	6 254	4 351	1 903	2 164
Q2	1 497	1 797	-300	3 653	1 224	2 429	-	6 883	5 277	1 606	2 016
Q3	2 371	2 991	-620	4 045	1 260	2 785	-	8 446	6 841	1 605	2 043
Q4	1 377	1 406	-29	3 533	1 293	2 240	-	6 532	5 018	1 514	2 025
1988 Q1	1 047	1 348	-301	3 627	1 274	2 353	-	6 333	4 938	1 395	1 725
Q2	1 463	1 970	-507	3 542	1 295	2 247	-	6 773	5 705	1 068	1 577
Q3	2 230	3 212	-982	3 790	1 235	2 555	-	8 073	7 148	925	1 373
Q4	1 444	1 686	-242	3 439	1 267	2 172	-	6 672	5 515	1 157	1 670
1989 Q1	1 183	1 583	-400	3 770	1 361	2 409	120	6 834	5 515	1 319	1 829
Q2	1 567	2 212	-645	3 856	1 446	2 410	120	7 573	6 289	1 284	1 851
Q3	2 537	3 693	-1 156	4 112	1 484	2 628	130	9 092	8 146	946	1 516
Q4	1 658	1 869	-211	3 579	1 504	2 075	130	7 340	5 998	1 342	1 944
1990 Q1	1 380	1 696	-316	3 980	1 512	2 468	130	7 448	5 890	1 558	2 045
Q2	1 862	2 526	-664	3 775	1 539	2 236	140	7 929	6 936	993	1 612
Q3	2 575	3 830	-1 255	3 963	1 574	2 389	130	9 099	8 458	641	1 220
Q4	1 660	1 855	-195	3 730	1 605	2 125	130	7 587	6 373	1 214	1 849
Seasonally adjusted											
	CGKU	CGHW	HHCU	HHDD	CGHN	HHCV		CGKS	CGHU	AIMC	CGIT
1985 Q1	1 329	1 287	42	3 046	1 222	1 824	-	6 075	4 619	1 456	1 796
Q2	1 404	1 142	262	3 011	1 205	1 806	-	6 126	4 379	1 747	2 047
Q3	1 382	1 134	248	3 045	1 156	1 889	-	6 089	4 292	1 797	2 145
Q4	1 327	1 308	19	3 183	1 192	1 991	-	6 209	4 522	1 687	1 997
1986 Q1	1 365	1 381	-16	3 312	1 147	2 165	-	6 364	4 629	1 735	2 114
Q2	1 342	1 504	-162	3 361	1 161	2 200	-	6 303	4 771	1 532	1 868
Q3	1 414	1 614	-200	3 535	1 177	2 358	-	6 504	4 828	1 676	2 001
Q4	1 432	1 584	-152	3 631	1 219	2 412	-	6 734	4 981	1 753	2 122
1987 Q1	1 497	1 680	-183	3 618	1 209	2 409	-	6 809	5 082	1 727	2 047
Q2	1 578	1 867	-289	3 711	1 223	2 488	-	7 056	5 355	1 701	2 071
Q3	1 596	1 906	-310	3 934	1 260	2 674	-	7 323	5 521	1 802	2 227
Q4	1 589	1 827	-238	3 630	1 286	2 344	-	6 927	5 529	1 398	1 903
1988 Q1	1 523	2 022	-499	3 608	1 264	2 344	-	6 933	5 733	1 200	1 586
Q2	1 544	2 006	-462	3 677	1 289	2 388	-	7 021	5 748	1 273	1 734
Q3	1 497	2 030	-533	3 612	1 279	2 333	-	6 919	5 773	1 146	1 588
Q4	1 620	2 158	-538	3 501	1 239	2 262	-	6 978	6 052	926	1 437
1989 Q1	1 715	2 364	-649	3 746	1 347	2 399	120	7 513	6 424	1 089	1 654
Q2	1 671	2 259	-588	3 988	1 430	2 558	120	7 834	6 325	1 509	2 032
Q3	1 700	2 273	-573	3 913	1 526	2 387	130	7 776	6 508	1 268	1 831
Q4	1 859	2 461	-602	3 670	1 492	2 178	130	7 716	6 691	1 025	1 623
1990 Q1	2 007	2 527	-520	3 948	1 523	2 425	130	8 258	6 882	1 376	1 917
Q2	1 913	2 533	-620	3 925	1 539	2 386	140	8 155	6 964	1 191	1 769
Q3	1 746	2 436	-690	3 780	1 573	2 207	130	7 765	6 804	961	1 532
Q4	1 811	2 411	-600	3 795	1 595	2 200	130	7 885	7 007	878	1 508

A6 Interest, profits and dividends

£ million

	Credits - earnings on:												
		Portfolio investment					Deposits and lending overseas by UK residents other than banks and general government					Of which:	
	Direct investment	UK banks	Other UK residents	Total	Lending etc to overseas residents by UK banks	Of which: identified foreign currency lending	Transactions with banks abroad	Other assets	Official reserves	Other external assets of central government	Total credits	Private sector and public corporations	General government
	HHBY	HESH	HHHR	CGNV	HERG	HHIJ	HERH	HERJ	HHCB	HERI	CGJS	CGNT	CGNR
1981	5 417	200	790	990	28 740	27 587	1 158	253	858	114	37 529	36 559	971
1982	4 805	350	1 300	1 651	34 504	33 161	1 595	865	761	217	44 397	43 419	979
1983	6 198	840	1 822	2 662	30 710	29 098	1 388	748	589	175	42 470	41 706	765
1984	7 824	1 423	2 199	3 622	36 665	34 660	1 707	1 001	586	230	51 634	50 818	818
1985	7 747	2 301	2 510	4 811	35 823	32 787	1 975	1 030	538	197	52 123	51 387	735
1986	7 807	2 621	2 878	5 499	30 906	28 107	1 673	823	607	158	47 473	46 708	765
1987	10 953	2 476	2 522	4 998	28 535	25 390	1 733	640	854	78	47 790	46 858	931
1988	13 849	2 485	3 029	5 514	32 986	29 210	1 868	652	1 351	105	56 326	54 869	1 456
1989	16 701	2 901	4 346	7 247	44 023	38 648	3 050	748	1 913	35	73 716	71 768	1 948
1990	17 878	3 085	5 124	8 209	48 753	42 454	4 705	828	1 732	78	82 180	80 372	1 810
Not seasonally adjusted													
1985 Q1	2 323	651	647	1 298	10 067	9 326	555	285	144	32	14 706	14 529	176
Q2	2 098	582	628	1 210	9 118	8 390	518	257	131	61	13 393	13 201	192
Q3	1 918	548	608	1 156	8 365	7 551	467	248	123	43	12 319	12 153	166
Q4	1 408	520	627	1 147	8 273	7 520	435	240	140	61	11 705	11 504	201
1986 Q1	1 624	615	678	1 293	8 072	7 366	437	226	150	33	11 835	11 652	183
Q2	1 895	618	704	1 322	7 441	6 727	438	203	152	33	11 484	11 299	185
Q3	2 134	675	737	1 412	7 577	6 907	392	201	151	41	11 908	11 716	192
Q4	2 154	713	759	1 472	7 816	7 107	406	193	154	51	12 246	12 041	205
1987 Q1	2 640	662	657	1 319	7 147	6 386	420	173	159	25	11 883	11 698	184
Q2	2 801	621	644	1 265	7 081	6 310	426	162	217	12	11 964	11 735	229
Q3	2 813	595	622	1 217	7 137	6 347	441	156	208	19	11 990	11 764	226
Q4	2 699	598	599	1 197	7 170	6 347	446	149	270	22	11 953	11 661	292
1988 Q1	3 027	607	699	1 306	7 710	6 884	474	152	295	32	12 996	12 669	327
Q2	3 523	593	737	1 330	7 829	6 988	414	153	350	26	13 625	13 249	376
Q3	3 611	626	779	1 405	8 682	7 659	449	180	353	24	14 705	14 327	377
Q4	3 688	659	814	1 473	8 765	7 679	531	167	353	23	15 000	14 624	376
1989 Q1	4 111	721	960	1 681	10 131	8 831	624	181	422	18	17 167	16 727	440
Q2	4 583	685	1 033	1 718	10 776	9 545	730	176	498	2	18 483	17 983	500
Q3	3 634	776	1 137	1 913	11 140	9 843	812	193	460	5	18 157	17 692	465
Q4	4 373	719	1 216	1 935	11 976	10 429	884	198	533	10	19 909	19 366	543
1990 Q1	3 988	745	1 282	2 027	12 021	10 509	1 064	194	468	22	19 784	19 294	490
Q2	3 956	772	1 301	2 073	11 990	10 450	1 230	207	471	19	19 945	19 456	490
Q3	5 052	821	1 331	2 152	11 608	10 013	1 180	215	389	21	20 616	20 206	410
Q4	4 882	747	1 210	1 957	13 134	11 482	1 231	212	404	16	21 835	21 416	420
Seasonally adjusted													
	HHBZ	HHAS	HHHS	CGGS	HHHQ	HHJK			HHCC	HHHW	CGKL	CGMI	CGMG
1985 Q1	2 095	651	647	1 298	10 050	9 326	555	285	144	36	14 465	14 284	181
Q2	2 157	582	628	1 210	9 112	8 390	518	257	131	70	13 455	13 254	201
Q3	1 997	548	608	1 156	8 369	7 551	467	248	123	44	12 404	12 237	167
Q4	1 498	520	627	1 147	8 292	7 520	435	240	140	47	11 799	11 612	186
1986 Q1	1 536	615	678	1 293	8 058	7 366	437	226	150	40	11 740	11 550	190
Q2	1 874	618	704	1 322	7 437	6 727	438	203	152	41	11 467	11 274	193
Q3	2 162	675	737	1 412	7 579	6 907	392	201	151	41	11 939	11 746	192
Q4	2 235	713	759	1 472	7 832	7 107	406	193	154	36	12 327	12 138	190
1987 Q1	2 494	662	657	1 319	7 131	6 386	420	173	159	27	11 722	11 536	186
Q2	2 742	621	644	1 265	7 075	6 310	426	162	217	15	11 902	11 670	232
Q3	2 859	595	622	1 217	7 139	6 347	441	156	208	19	12 039	11 812	227
Q4	2 858	598	599	1 197	7 190	6 347	446	149	270	17	12 127	11 840	286
1988 Q1	2 893	607	699	1 306	7 710	6 884	474	152	295	31	12 861	12 535	326
Q2	3 387	593	737	1 330	7 829	6 988	414	153	350	27	13 490	13 113	377
Q3	3 649	626	779	1 405	8 682	7 659	449	180	353	24	14 743	14 365	377
Q4	3 920	659	814	1 473	8 765	7 679	531	167	353	23	15 232	14 856	376
1989 Q1	3 974	721	960	1 681	10 131	8 831	624	181	422	17	17 029	16 590	439
Q2	4 529	685	1 033	1 718	10 776	9 545	730	176	498	3	18 430	17 929	501
Q3	3 646	776	1 137	1 913	11 140	9 843	812	193	460	6	18 170	17 704	466
Q4	4 552	719	1 216	1 935	11 976	10 429	884	198	533	9	20 087	19 545	542
1990 Q1	3 967	745	1 282	2 027	12 021	10 509	1 064	194	468	22	19 763	19 273	490
Q2	3 868	772	1 301	2 073	11 990	10 450	1 230	207	471	19	19 858	19 368	490
Q3	5 037	821	1 331	2 152	11 608	10 013	1 180	215	389	20	20 600	20 191	409
Q4	5 006	747	1 210	1 957	13 134	11 482	1 231	212	404	17	21 959	21 540	421

A6 Interest, profits and dividends

continued

£ million

	Debits - earnings on:												Balance of IPD		
	Direct investment				Overseas borrowing by UK banks		Borrowing from overseas by UK residents other than banks and general government				Of which:				
	Non-oil companies	Oil companies and misc.	Total	Portfolio investment	Foreign currency	Sterling	Transactions with banks abroad	Other liabilities	Other external liabilities of general government	Total debits	Private sector and public corporations	General government	Private sector and public corporations	General government	Total
	CGNX	HHCF	HHCH	HERN	HHID	HHIE	HERO	HERQ	HERR	CGGK	HHII	HERS	CGQD	HERV	CGOA
1981	1 961	2 741	4 702	1 173	27 157	1 527	1 437	53	230	36 278	35 338	940	1 221	30	1 251
1982	2 081	2 586	4 667	1 293	32 932	1 879	1 751	124	294	42 939	41 847	1 090	1 571	-112	1 460
1983	2 308	2 958	5 266	1 356	28 893	2 032	1 631	137	304	39 617	38 429	1 188	3 278	-424	2 854
1984	2 965	3 314	6 279	1 538	34 731	2 286	1 890	200	333	47 255	45 927	1 329	4 891	-511	4 379
1985	3 502	4 005	7 507	1 889	34 282	3 560	1 807	267	304	49 616	48 138	1 479	3 249	-744	2 507
1986	2 982	2 211	5 193	2 558	29 038	3 551	1 664	294	295	42 593	40 925	1 668	5 783	-902	4 881
1987	4 171	2 680	6 851	3 619	27 183	4 007	1 779	369	308	44 114	42 089	2 024	4 769	-1 092	3 677
1988	6 317	2 019	8 336	4 730	30 756	4 927	1 957	709	374	51 790	49 478	2 312	5 391	-856	4 536
1989	5 619	3 283	8 902	6 230	41 504	8 168	2 963	1 548	620	69 935	67 498	2 437	4 270	-489	3 781
1990	3 928	3 476	7 404	7 132	45 071	10 773	3 556	2 204	906	77 048	74 815	2 232	5 556	-423	5 134
Not seasonally adjusted															
1985 Q1	898	1 459	2 357	446	9 740	717	485	62	65	13 872	13 492	380	1 037	-204	834
Q2	1 026	870	1 896	436	8 912	883	471	69	73	12 740	12 421	319	780	-127	654
Q3	647	669	1 316	535	7 985	1 000	405	67	56	11 363	10 958	405	1 195	-239	955
Q4	931	1 007	1 938	472	7 645	960	446	69	110	11 641	11 267	375	237	-174	64
1986 Q1	573	732	1 305	622	7 471	890	407	69	62	10 827	10 363	464	1 289	-281	1 008
Q2	804	461	1 265	580	6 958	900	427	65	64	10 258	9 924	334	1 375	-149	1 226
Q3	726	310	1 036	717	7 224	883	380	71	53	10 364	9 904	460	1 812	-267	1 545
Q4	879	708	1 587	639	7 385	878	450	89	116	11 144	10 734	410	1 307	-205	1 102
1987 Q1	985	891	1 876	828	6 526	956	424	84	61	10 754	10 188	566	1 510	-382	1 128
Q2	1 068	508	1 576	878	6 910	1 031	440	88	67	10 990	10 613	376	1 122	-147	975
Q3	1 030	464	1 494	1 016	6 813	939	446	91	66	10 865	10 265	600	1 499	-373	1 126
Q4	1 088	817	1 905	897	6 934	1 081	469	106	114	11 505	11 023	482	638	-190	448
1988 Q1	1 419	571	1 990	1 052	7 376	972	459	147	74	12 070	11 405	665	1 265	-338	927
Q2	1 552	449	2 001	1 136	7 381	1 066	439	160	78	12 262	11 823	439	1 425	-63	1 363
Q3	1 613	437	2 050	1 299	7 965	1 279	492	189	83	13 357	12 665	692	1 662	-315	1 347
Q4	1 733	562	2 295	1 243	8 034	1 610	567	213	139	14 101	13 585	516	1 039	-140	899
1989 Q1	1 356	704	2 060	1 482	9 446	1 699	639	267	116	15 709	15 029	680	1 698	-240	1 458
Q2	1 448	834	2 282	1 471	10 318	1 966	719	375	138	17 269	16 783	486	1 200	14	1 214
Q3	1 282	598	1 880	1 666	10 537	2 004	785	429	145	17 446	16 744	702	948	-237	711
Q4	1 533	1 147	2 680	1 611	11 203	2 499	820	477	221	19 511	18 942	569	424	-26	398
1990 Q1	1 333	672	2 005	1 812	11 196	2 540	855	505	174	19 087	18 443	644	851	-154	697
Q2	1 029	660	1 689	1 811	11 452	2 635	901	539	206	19 234	18 679	554	776	-64	712
Q3	827	1 117	1 944	1 760	10 645	2 668	887	554	242	18 700	18 151	549	2 055	-140	1 916
Q4	739	1 027	1 766	1 749	11 778	2 930	913	606	284	20 027	19 542	485	1 874	-65	1 809
Seasonally adjusted															
	CGEU	HHCG	HHCI	HHIA	HHIV	HHIH	HHHX	HHHZ	HHHY	CGHJ	HHHK	HHHL	CGMW	HHHM	AIMD
1985 Q1	897	1 112	2 009	407	9 740	763	508	62	82	13 572	13 227	344	1 057	-164	893
Q2	950	1 044	1 994	461	8 912	876	453	69	78	12 842	12 472	370	782	-169	613
Q3	704	988	1 692	491	7 985	961	425	67	72	11 692	11 316	376	921	-209	712
Q4	951	861	1 812	530	7 645	960	421	69	72	11 510	11 123	389	489	-202	289
1986 Q1	571	578	1 149	585	7 471	931	427	69	79	10 712	10 304	408	1 246	-218	1 028
Q2	740	568	1 308	597	6 958	887	413	65	69	10 296	9 899	397	1 375	-204	1 171
Q3	779	461	1 240	651	7 224	936	396	72	70	10 589	10 179	410	1 568	-218	1 350
Q4	892	604	1 496	725	7 385	797	428	88	77	10 996	10 543	453	1 594	-262	1 332
1987 Q1	984	768	1 752	768	6 526	992	441	85	74	10 638	10 172	466	1 364	-280	1 085
Q2	991	595	1 586	916	6 910	1 028	432	89	69	11 031	10 540	491	1 131	-259	872
Q3	1 097	677	1 774	935	6 813	984	457	94	78	11 134	10 613	521	1 199	-294	905
Q4	1 099	640	1 739	1 000	6 934	1 003	449	101	87	11 311	10 764	546	1 075	-259	815
1988 Q1	1 403	481	1 884	1 055	7 376	1 000	473	148	85	12 022	11 472	550	1 063	-224	839
Q2	1 450	500	1 950	1 133	7 381	1 072	432	162	82	12 213	11 636	577	1 476	-200	1 277
Q3	1 668	631	2 299	1 203	7 965	1 352	498	192	97	13 607	13 024	582	1 341	-205	1 136
Q4	1 796	407	2 203	1 339	8 034	1 503	554	207	110	13 948	13 346	603	1 511	-227	1 284
1989 Q1	1 341	632	1 973	1 576	9 446	1 735	654	269	128	15 781	15 190	591	1 400	-152	1 248
Q2	1 359	953	2 312	1 408	10 318	1 988	712	377	142	17 257	16 657	600	1 272	-99	1 173
Q3	1 348	795	2 143	1 541	10 537	2 115	789	433	157	17 715	17 108	607	596	-141	455
Q4	1 571	903	2 474	1 705	11 203	2 330	808	469	193	19 182	18 543	639	1 002	-97	905
1990 Q1	1 278	578	1 856	1 907	11 196	2 578	865	507	185	19 094	18 510	584	763	-94	669
Q2	972	735	1 707	1 716	11 452	2 663	895	541	210	19 185	18 576	608	791	-118	673
Q3	881	1 407	2 288	1 705	10 645	2 805	891	558	252	19 144	18 625	519	1 566	-110	1 456
Q4	797	756	1 553	1 804	11 778	2 727	905	598	259	19 625	19 104	521	2 436	-101	2 336

A7 Transfers

£ million

	Credits							Debits						Balance	
		General government							General government						
		European Community institutions							EC institutions						
	Private	Agricultural Fund	Social Fund	Regional Development Fund	Negotiated refunds	Other	Total	Private	Bilateral aid	Before VAT abatement	VAT abatement	Other	Total	Total	Of which: with EC institutions[1]
	CGJV	HCOW	HDIZ	HBZA	CGPI	HHAA	HDKD	CGGV	CGEG	HHHO	HHHP	HHAB	CGGJ	CGIO	CGII
1981	1 117	683	107	145	693	47	1 675	1 057	584	2 188	-	510	3 282	-1 547	-513
1982	1 248	791	152	111	1 019	81	2 154	1 200	496	2 878	-	569	3 943	-1 741	-724
1983	1 528	1 082	128	139	807	79	2 235	1 191	534	2 994	-	637	4 165	-1 593	-759
1984	1 652	1 353	283	184	528	44	2 392	1 283	560	3 213	-	718	4 491	-1 730	-821
1985	1 775	1 151	256	274	61	18	1 760	1 459	614	3 955	-166	784	5 187	-3 111	-2 029
1986	1 732	1 385	335	298	-	120	2 138	1 656	656	4 513	-1 701	903	4 371	-2 157	-674
1987	1 670	1 345	428	404	-	105	2 282	1 795	570	5 219	-1 153	923	5 559	-3 402	-1 784
1988	1 707	1 379	277	370	-	89	2 115	2 005	756	5 150	-1 595	1 052	5 363	-3 546	-1 440
1989	1 750	1 315	406	347	-	75	2 143	2 050	837	5 599	-1 156	1 141	6 421	-4 578	-2 300
1990	1 800	1 496	227	440	-	30	2 193	2 100	856	5 850	-1 697	1 305	6 314	-4 421	-1 960
Not seasonally adjusted															
1985 Q1	440	277	101	85	61	15	539	348	290	1 137	-	241	1 668	-1 037	-598
Q2	442	231	4	39	-	-	274	359	73	721	-	241	1 035	-678	-447
Q3	445	305	147	78	-	-	530	370	124	1 090	-	165	1 379	-774	-560
Q4	448	338	4	72	-	3	417	382	127	1 007	-166	137	1 105	-622	-424
1986 Q1	438	488	8	94	-	34	624	398	292	936	-657	256	827	-163	345
Q2	435	326	184	2	-	29	541	409	57	1 069	-225	253	1 154	-587	-303
Q3	431	339	13	140	-	18	510	419	113	1 347	-478	230	1 212	-690	-359
Q4	428	232	130	62	-	39	463	430	194	1 161	-341	164	1 178	-717	-357
1987 Q1	419	626	86	125	-	36	873	433	299	1 565	-299	270	1 835	-976	-393
Q2	418	332	226	56	-	2	616	443	66	1 312	-287	268	1 359	-768	-409
Q3	417	294	24	119	-	37	474	454	104	1 307	-284	199	1 326	-889	-549
Q4	416	93	92	104	-	30	319	465	101	1 035	-283	186	1 039	-769	-433
1988 Q1	423	336	51	87	-	7	481	489	387	1 265	-283	339	1 708	-1 293	-501
Q2	426	445	121	51	-	4	621	497	76	1 285	-270	313	1 404	-854	-394
Q3	428	402	65	73	-	60	600	505	141	954	-648	191	638	-115	294
Q4	430	196	40	159	-	18	413	514	152	1 646	-394	209	1 613	-1 284	-839
1989 Q1	433	555	83	138	-	19	795	508	353	1 294	-289	296	1 654	-934	-210
Q2	436	336	215	98	-	20	669	511	80	1 295	-289	319	1 405	-811	-337
Q3	439	222	8	26	-	15	271	514	189	1 317	-289	278	1 495	-1 299	-757
Q4	442	202	100	85	-	21	408	517	215	1 693	-289	248	1 867	-1 534	-996
1990 Q1	443	470	19	198	-	21	708	518	441	1 512	-451	331	1 833	-1 200	-353
Q2	448	305	18	36	-	3	362	523	73	1 507	-451	448	1 577	-1 290	-694
Q3	452	340	34	64	-	1	439	527	158	1 351	-370	242	1 381	-1 017	-542
Q4	457	381	156	142	-	5	684	532	184	1 480	-425	284	1 523	-914	-371
Seasonally adjusted															
		HHAC	HHAD			HHAE	HHAH		CGEM	HHHT		HHAG	CGHI	AIME	CGIR
1985 Q1	440	270	101	85	61	15	532	348	149	1 137	-	173	1 459	-835	-605
Q2	442	292	4	39	-	-	335	359	155	721	-	193	1 069	-651	-386
Q3	445	307	147	78	-	-	532	370	168	1 090	-	230	1 488	-881	-558
Q4	448	282	4	72	-	3	361	382	142	1 007	-166	188	1 171	-744	-480
1986 Q1	438	485	8	94	-	34	621	398	139	936	-657	176	594	67	342
Q2	435	391	184	2	-	29	606	409	127	1 069	-225	205	1 176	-544	-238
Q3	431	347	13	140	-	18	518	419	153	1 347	-478	311	1 333	-803	-351
Q4	428	162	130	62	-	39	393	430	237	1 161	-341	211	1 268	-877	-427
1987 Q1	419	604	86	125	-	36	851	433	140	1 565	-299	197	1 603	-766	-415
Q2	418	385	226	56	-	2	669	443	157	1 312	-287	221	1 403	-759	-356
Q3	417	293	24	119	-	37	473	454	144	1 307	-284	251	1 418	-982	-550
Q4	416	63	92	104	-	30	289	465	129	1 035	-283	254	1 135	-895	-463
1988 Q1	423	336	51	87	-	7	481	489	199	1 265	-283	286	1 467	-1 052	-501
Q2	426	445	121	51	-	4	621	497	189	1 285	-270	240	1 444	-894	-394
Q3	428	402	65	73	-	60	600	505	192	954	-648	234	732	-209	294
Q4	430	196	40	159	-	18	413	514	176	1 646	-394	292	1 720	-1 391	-839
1989 Q1	433	555	83	138	-	19	795	508	172	1 294	-289	251	1 428	-708	-210
Q2	436	336	215	98	-	20	669	511	189	1 295	-289	243	1 438	-844	-337
Q3	439	222	8	26	-	15	271	514	243	1 317	-289	321	1 592	-1 396	-757
Q4	442	202	100	85	-	21	408	517	233	1 693	-289	326	1 963	-1 630	-996
1990 Q1	443	470	19	198	-	21	708	518	221	1 512	-451	276	1 558	-925	-353
Q2	448	305	18	36	-	3	362	523	184	1 507	-451	350	1 590	-1 303	-694
Q3	452	340	34	64	-	1	439	527	217	1 351	-370	278	1 476	-1 112	-542
Q4	457	381	156	142	-	5	684	532	234	1 480	-425	401	1 690	-1 081	-371

1 This series does not have the same coverage as that shown in Table 20.1 of *The Government's Expenditure Plans 1990-1991 to 1992-1993 (Cm 1018)*. The main differences are that the latter excludes the United Kingdom's contribution to the Community Budget expenditure on overseas aid (which is attributed to the aid programme) and includes the services credits shown in Table A5.

A8 Summary of transactions in UK external assets and liabilities[1]

£ million, not seasonally adjusted

	Transactions in external assets							Transactions in external liabilities						
	UK investment overseas							Overseas investment in the United Kingdom						
	Direct	Portfolio	Lending etc to overseas residents by UK banks[2]	Deposits and lending overseas by UK residents other than banks and general government[3]	Official reserves	Other external assets of central government	Total	Direct	Portfolio	Borrowing etc from overseas residents by UK banks[2]	Borrowing from overseas by UK residents other than banks and general government[3]	Other external liabilities of general government	Total	Net transactions
	HHBV	CGOS	HEYN	HETJ	AIPA	HEUJ	HEPZ	HHBU	HEYR	HEYS	HTEV	HEUR	HEQW	HEQU
1981	-6 005	-4 467	-39 919	-2 890	2 419	93	-50 769	2 932	257	39 260	1 089	-206	43 334	-7 436
1982	-4 091	-7 565	-20 540	-472	1 421	-161	-31 407	3 027	-11	24 325	1 070	409	28 820	-2 589
1983	-5 417	-7 193	-18 394	702	607	-478	-30 172	3 386	1 701	21 137	-18	-584	25 622	-4 551
1984	-6 033	-9 869	-14 372	-1 932	908	-743	-32 041	-181	1 288	24 797	-1 745	-40	24 119	-7 923
1985	-8 456	-19 426	-21 835	-712	-1 758	-730	-52 919	3 865	9 527	29 461	3 412	24	46 290	-6 629
1986	-11 780	-23 072	-53 840	-794	-2 891	-509	-92 888	4 987	12 234	64 155	4 332	178	85 886	-7 001
1987	-19 198	3 323	-50 548	-4 645	-12 012	-796	-83 877	8 478	20 801	53 967	3 436	1 572	88 256	4 380
1988	-20 861	-9 899	-19 324	-1 889	-2 761	-891	-55 625	10 235	14 394	33 542	4 531	920	63 620	7 996
1989	-21 556	-36 105	-27 004	-8 487	5 439	-942	-88 653	17 544	10 937	42 792	20 235	1 812	93 319	4 665
1990	-9 475	-15 049	-37 092	-7 043	-71	-1 227	-69 957	17 984	5 324	45 337	10 258	481	79 386	9 429
1981 Q1	-1 535	-1 447	-11 199	-697	-319	85	-15 112	377	-6	9 905	484	39	10 800	-4 313
Q2	-1 328	-1 080	-6 737	-808	1 448	-30	-8 535	1 181	-160	5 444	-523	90	6 032	-2 503
Q3	-1 345	-810	-12 182	-709	1 167	30	-13 849	662	51	11 932	476	10	13 132	-717
Q4	-1 797	-1 130	-9 801	-676	123	8	-13 273	712	372	11 979	652	-345	13 370	97
1982 Q1	-1 161	-1 962	-9 827	1 379	11	-42	-11 602	1 355	-235	11 306	-958	-144	11 324	-278
Q2	-840	-1 631	1 700	49	699	-15	-37	875	-138	-27	406	100	1 216	1 178
Q3	-1 031	-1 771	-14 920	-358	-288	-48	-18 416	529	-389	15 666	223	389	16 418	-1 999
Q4	-1 059	-2 201	2 507	-1 542	999	-56	-1 352	268	751	-2 620	1 399	64	-138	-1 490
1983 Q1	-1 958	-2 051	-7 279	117	652	-203	-10 722	636	297	7 830	86	-395	8 454	-2 269
Q2	-462	-2 011	2 085	410	-142	-74	-193	1 352	994	-1 393	-609	32	376	183
Q3	-1 568	-1 330	-8 315	-132	-33	-89	-11 468	1 191	346	10 137	81	109	11 864	396
Q4	-1 429	-1 801	-4 885	307	130	-112	-7 789	207	64	4 563	424	-330	4 928	-2 861
1984 Q1	-1 673	-3 799	-9 136	710	77	-262	-14 082	1 292	285	11 521	-348	145	12 895	-1 187
Q2	-636	-152	-7 499	-1 333	857	-151	-8 914	-2 940	-522	11 032	-866	150	6 855	-2 060
Q3	-1 854	-2 780	5 013	-1 119	279	-135	-597	1 497	349	-2 568	-80	235	-568	-1 165
Q4	-1 870	-3 138	-2 750	-190	-305	-195	-8 448	-30	1 176	4 812	-451	-570	4 937	-3 511
1985 Q1	-3 353	-6 501	-6 236	-1 005	90	-214	-17 219	2 212	1 685	9 420	125	143	13 586	-3 633
Q2	-1 666	-4 880	658	-96	-607	-186	-6 778	382	3 316	390	2 194	11	6 293	-486
Q3	-1 982	-3 705	-10 763	556	-49	-76	-16 019	613	1 071	8 744	-411	19	10 036	-5 982
Q4	-1 455	-4 340	-5 494	-167	-1 192	-254	-12 903	658	3 455	10 907	1 504	-149	16 375	3 472
1986 Q1	-828	-6 542	-8 857	949	-580	63	-15 796	1 303	1 898	11 607	-1 064	134	13 878	-1 918
Q2	-1 741	-6 434	-6 060	-655	-296	-153	-15 339	977	2 560	7 597	1 207	130	12 471	-2 867
Q3	-3 766	-7 271	-28 758	-1 293	-2 321	-160	-43 570	1 505	3 858	33 762	4 063	111	43 298	-272
Q4	-5 445	-2 825	-10 165	205	306	-259	-18 183	1 202	3 918	11 189	126	-197	16 239	-1 944
1987 Q1	-2 607	-4 266	-7 424	-1 606	-1 523	-213	-17 639	1 695	5 053	11 352	1 026	-5	19 121	1 483
Q2	-5 763	-208	-15 139	-533	-4 469	-159	-26 271	451	4 555	20 662	684	764	27 117	846
Q3	-7 605	502	-16 997	-1 771	-269	-167	-26 308	2 487	8 102	13 354	1 194	26	25 164	-1 144
Q4	-3 223	7 295	-10 988	-735	-5 751	-257	-13 659	3 845	3 091	8 599	532	787	16 854	3 195
1988 Q1	-4 902	-1 579	1 217	912	-653	-208	-5 213	4 431	2 701	1 329	1 020	-427	9 053	3 840
Q2	-5 603	-3 737	-8 744	-1 088	-631	-200	-20 003	1 236	3 019	13 786	1 697	176	19 914	-89
Q3	-3 941	-933	-16 741	-258	-995	-215	-23 083	1 541	6 754	17 021	1 103	-116	26 303	3 220
Q4	-6 415	-3 650	4 944	-1 455	-482	-268	-7 326	3 027	1 920	1 406	711	1 287	8 350	1 025
1989 Q1	-6 887	-6 765	-15 134	-766	502	-193	-29 243	4 746	-832	22 778	5 163	213	32 068	2 824
Q2	-5 835	-9 005	1 265	-4 334	2 134	-290	-16 065	5 366	4 148	-2 283	7 838	60	15 128	-936
Q3	-4 288	-8 589	-7 971	744	357	-206	-19 952	2 380	5 324	17 430	4 082	580	29 796	9 844
Q4	-4 546	-11 746	-5 164	-4 131	2 446	-253	-23 393	5 052	2 297	4 867	3 152	959	16 327	-7 067
1990 Q1	-2 481	-2 386	-8 516	-1 530	129	-142	-14 926	7 038	587	11 517	5 522	-298	24 366	9 440
Q2	-106	-708	-371	-1 478	-76	-455	-3 194	3 592	1 072	-2 438	1 208	1 053	4 488	1 294
Q3	-2 842	622	-22 780	-5 963	-432	-175	-31 570	5 614	2 416	18 271	5 440	1 438	33 179	1 609
Q4	-4 046	-12 577	-5 425	1 928	308	-455	-20 267	1 740	1 249	17 987	-1 912	-1 712	17 353	-2 914

1 UK assets: increase-/decrease+. UK liabilities: increase+/decrease-.
2 Prior to 1979 foreign currency lending abroad (other than certain export credit extended) is recorded on a net basis under liabilities. Prior to 1982 includes transactions by "other financial institutions", which are subsequently included in transactions by UK residents other than banks and general government.
3 Only partial coverage for the most recent quarter - see Table A12.

A9 Direct investment

£ million, not seasonally adjusted

	Investment overseas by UK residents (Transactions in assets)			Investment in UK by overseas residents (Transactions in liabilities)					
	All companies and miscellaneous			In non-oil companies		In oil companies			
	Unremitted profits	Other	Total direct investment	Unremitted profits	Other	Unremitted profits	Other	Miscellaneous	Total direct investment
	HHDR	HHDS	HHBV	CGLU	CGLM	HERX	HEYZ	CGLO	HHBU
1985	-4 848	-3 608	-8 456	1 661	-92	2 079	127	90	3 865
1986	-4 552	-7 228	-11 780	732	2 133	501	1 429	192	4 987
1987	-7 331	-11 867	-19 198	2 116	4 280	1 171	448	463	8 478
1988	-8 223	-12 638	-20 861	1 363	5 734	843	1 849	446	10 235
1989	-9 082	-12 474	-21 556	1 914	12 430	1 657	374	1 169	17 544
1990	-10 122	647	-9 475	2 454	11 428	2 093	890	1 119	17 984
1987 Q1	-2 001	-606	-2 607	509	268	814	-99	203	1 695
Q2	-1 805	-3 958	-5 763	765	337	55	-755	49	451
Q3	-1 856	-5 749	-7 605	748	1 400	95	192	52	2 487
Q4	-1 669	-1 554	-3 223	94	2 275	207	1 110	159	3 845
1988 Q1	-1 857	-3 045	-4 902	528	584	320	2 926	73	4 431
Q2	-1 576	-4 027	-5 603	238	1 321	48	-405	34	1 236
Q3	-2 372	-1 569	-3 941	1 071	556	307	-473	80	1 541
Q4	-2 418	-3 997	-6 415	-474	3 273	168	-199	259	3 027
1989 Q1	-1 669	-5 218	-6 887	1 007	2 516	541	575	107	4 746
Q2	-2 332	-3 503	-5 835	1 068	3 170	559	209	360	5 366
Q3	-2 446	-1 842	-4 288	835	1 627	404	-775	289	2 380
Q4	-2 635	-1 911	-4 546	-996	5 117	153	365	413	5 052
1990 Q1	-2 713	232	-2 481	1 051	3 995	534	1 189	269	7 038
Q2	-1 918	1 812	-106	803	2 763	430	-504	100	3 592
Q3	-3 430	588	-2 842	589	3 225	1 001	299	500	5 614
Q4	-2 061	-1 985	-4 046	11	1 445	128	-94	250	1 740

A10 Portfolio investment

£ million, not seasonally adjusted

	Investment overseas by UK residents (Transactions in assets)				Investment in UK securites by overseas residents (Transactions in liabilities)							
					British government stocks					UK companies' securities		
	UK banks	Other financial institutions[1]	Other	Total portfolio investment	Overseas monetary authorities	Other overseas residents	British government foreign currency notes and bonds	Local authorities' securities	Public corporations' securities	Bonds etc	Ordinary shares	Total portfolio investment
	HHAL	HHAM	HHAN	CGOS	AING	CGLV	HEZP	HHIG	HEZX	HGDY	HGDZ	HEYR
1985	-10 120	-7 224	-2 082	-19 426	1 482	1 438	294	-3	-10	3 678	2 649	9 527
1986	-7 563	-14 370	-1 139	-23 072	278	1 904	1 153	-1	-4	3 246	5 659	12 234
1987	294	7 549	-4 521	3 323	1 322	3 027	-556	-1	-113	3 755	13 367	20 801
1988	-1 163	-5 708	-3 028	-9 899	505	335	569	-	-56	7 744	5 297	14 394
1989	-5 885	-21 406	-8 814	-36 105	-683	-1 214	-50	-	-409	9 100	4 193	10 937
1990	-6 360	-1 653	-7 036	-15 049	-300	-4 153	19	-	-7	7 000	2 765	5 324
1987 Q1	116	-2 103	-2 279	-4 266	30	624	-170	-1	-76	500	4 146	5 053
Q2	73	644	-925	-208	583	542	-25	-	4	1 300	2 151	4 555
Q3	-112	1 910	-1 296	502	1 302	1 063	-208	-	-40	800	5 185	8 102
Q4	217	7 098	-21	7 295	-593	798	-153	-	-1	1 155	1 885	3 091
1988 Q1	-209	-311	-1 059	-1 579	398	96	-25	-	4	1 444	784	2 701
Q2	-1 106	-2 363	-268	-3 737	62	458	175	-	-9	2 200	133	3 019
Q3	541	-580	-894	-933	-83	26	285	-	-8	2 900	3 634	6 754
Q4	-389	-2 454	-807	-3 650	128	-245	134	-	-43	1 200	746	1 920
1989 Q1	-1 213	-3 832	-1 720	-6 765	-481	123	88	-	-245	1 500	-1 817	-832
Q2	-1 152	-5 941	-1 912	-9 005	-282	-758	-50	-	-26	800	4 464	4 148
Q3	-1 052	-6 265	-1 272	-8 589	67	550	-308	-	23	4 800	192	5 324
Q4	-2 468	-5 368	-3 910	-11 746	13	-1 129	220	-	-161	2 000	1 354	2 297
1990 Q1	-2 424	1 585	-1 547	-2 386	14	-1 559	-61	-	11	1 500	682	587
Q2	706	-945	-469	-708	-494	-360	78	-	-24	1 500	372	1 072
Q3	-211	2 307	-1 474	622	436	-959	1	-	6	2 300	632	2 416
Q4	-4 431	-4 600	-3 546	-12 577	-256	-1 275	1	-	-	1 700	1 079	1 249

1 Includes securities dealers from 1984.

A11 Transactions of UK banks (excluding direct and portfolio investment)

£ million, not seasonally adjusted

	Transactions in external assets							Transactions in external liabilities					Net transactions		
	Foreign currency lending abroad			Sterling lending abroad				Borrowing and deposit liabilities abroad							
									Sterling						
	Identified long-term export credit	Other	Total	Identified export credit	Other	Total	Total	Foreign currency	Overseas authorities' exchange reserves	Other	Total	Total	Foreign currency	Sterling	Total
	HEZY	HGCD	HEZZ	HHIL	HCAE	HCAD	HEYN	HCAF	HCHE	CGDI	HEPD	HEYS	HCAG	HCAH	HCAI
1985	505	-20 705	-20 200	90	-1 725	-1 635	-21 835	25 306	150	4 005	4 155	29 461	5 106	2 520	7 626
1986	699	-48 584	-47 885	-116	-5 839	-5 955	-53 840	58 550	-283	5 888	5 605	64 155	10 665	-350	10 315
1987	657	-46 567	-45 910	518	-5 156	-4 638	-50 548	45 430	1 681	6 856	8 537	53 967	-480	3 899	3 419
1988	280	-15 034	-14 754	247	-4 817	-4 570	-19 324	19 998	2 132	11 412	13 544	33 542	5 244	8 974	14 218
1989	271	-24 388	-24 117	217	-3 104	-2 887	-27 004	32 510	274	10 008	10 282	42 792	8 393	7 395	15 788
1990	25	-33 382	-33 357	382	-4 117	-3 735	-37 092	33 213	1 754	10 370	12 124	45 337	-144	8 389	8 245
1987 Q1	286	-6 448	-6 162	97	-1 359	-1 262	-7 424	8 904	434	2 014	2 448	11 352	2 742	1 186	3 928
Q2	98	-15 261	-15 163	118	-94	24	-15 139	19 322	-417	1 757	1 340	20 662	4 159	1 364	5 523
Q3	190	-14 559	-14 369	158	-2 786	-2 628	-16 997	10 505	343	2 506	2 849	13 354	-3 864	221	-3 643
Q4	83	-10 299	-10 216	145	-917	-772	-10 988	6 699	1 321	579	1 900	8 599	-3 517	1 128	-2 389
1988 Q1	125	3 420	3 545	75	-2 403	-2 328	1 217	-1 993	545	2 777	3 322	1 329	1 552	994	2 546
Q2	63	-4 303	-4 240	45	-4 549	-4 504	-8 744	4 988	831	7 967	8 798	13 786	748	4 294	5 042
Q3	64	-15 637	-15 573	72	-1 240	-1 168	-16 741	14 584	-27	2 464	2 437	17 021	-989	1 269	280
Q4	28	1 486	1 514	55	3 375	3 430	4 944	2 419	783	-1 796	-1 013	1 406	3 933	2 417	6 350
1989 Q1	3	-16 350	-16 347	-155	1 368	1 213	-15 134	19 296	1 359	2 123	3 482	22 778	2 949	4 695	7 644
Q2	64	4 349	4 413	127	-3 275	-3 148	1 265	-5 451	-824	3 992	3 168	-2 283	-1 038	20	-1 018
Q3	101	-8 347	-8 246	105	170	275	-7 971	13 308	452	3 670	4 122	17 430	5 062	4 397	9 459
Q4	103	-4 040	-3 937	140	-1 367	-1 227	-5 164	5 357	-713	223	-490	4 867	1 420	-1 717	-297
1990 Q1	91	-7 498	-7 407	182	-1 291	-1 109	-8 516	6 525	268	4 724	4 992	11 517	-882	3 883	3 001
Q2	31	1 403	1 434	42	-1 847	-1 805	-371	-3 711	1 094	179	1 273	-2 438	-2 277	-532	-2 809
Q3	7	-22 382	-22 375	35	-440	-405	-22 780	16 992	-289	1 568	1 279	18 271	-5 383	874	-4 509
Q4	-104	-4 905	-5 009	123	-539	-416	-5 425	13 407	681	3 899	4 580	17 987	8 398	4 164	12 562

A12 Transactions of UK residents other than banks and general government (excluding direct and portfolio investment)

£ million, not seasonally adjusted

	Transactions in external assets			Transactions in external liabilities			Net transactions		
	With banks abroad[1]	Other	Total	With banks abroad[1]	Other	Total	Public corporations	UK non-bank private sector	Total
	HESZ	HETE	HETJ	HETN	HETQ	HTEV	HETW	HETY	HETZ
1985	-1 240	528	-712	2 682	729	3 412	295	2 404	2 699
1986	-2 724	1 930	-794	3 787	546	4 332	-121	3 658	3 537
1987	-5 194	549	-4 645	1 944	1 491	3 436	-138	-1 069	-1 210
1988	-2 766	877	-1 889	3 069	1 462	4 531	-272	2 914	2 642
1989	-10 442	1 955	-8 487	6 807	13 429	20 235	-1 134	12 884	11 749
1990	-3 815	-3 228	-7 043	8 462	1 798	10 258	-148	3 365	3 215
1987 Q1	-2 226	620	-1 606	288	738	1 026	92	-671	-580
Q2	-831	298	-533	907	-223	684	-105	257	151
Q3	-1 690	-81	-1 771	472	721	1 194	-20	-557	-578
Q4	-447	-288	-735	277	255	532	-105	-98	-203
1988 Q1	1 256	-344	912	662	358	1 020	-17	1 949	1 932
Q2	-1 377	289	-1 088	1 128	569	1 697	-137	746	609
Q3	-972	714	-258	652	452	1 103	-55	900	845
Q4	-1 673	218	-1 455	627	83	711	-63	-681	-744
1989 Q1	-1 283	517	-766	857	4 306	5 163	-179	4 576	4 397
Q2	-3 520	-814	-4 334	2 626	5 212	7 838	-406	3 910	3 504
Q3	-245	989	744	1 196	2 886	4 082	-316	5 143	4 826
Q4	-5 394	1 263	-4 131	2 128	1 025	3 152	-233	-745	-978
1990 Q1	-422	-1 108	-1 530	2 690	2 833	5 522	-20	4 013	3 992
Q2	-376	-1 102	-1 478	914	294	1 208	-17	-253	-270
Q3	-5 057	-906	-5 963	2 213	3 227	5 440	-106	-417	-523
Q4	2 040	-112	1 928	2 645	-4 556	-1 912	-5	22	16

1 The figure for the most recent quarter is based on less information than earlier quarters, for which, in particular, "cross border" data of overseas banks are also available via the IMF.

2 Includes securities dealers' transactions with non-banks abroad from the second quarter of 1989.

A13 Transactions of general government (excluding portfolio liabilities)

£ million, not seasonally adjusted

	Transactions in external assets					Transactions in external liabilities									
								Borrowing from banks etc overseas by		Treasury bills					
	Official reserves	Inter-government loans by UK	Export credit	Other	Total	IMF	Inter-government loans to UK	HM Government	Local authorities[1]	Sterling	ECUs	Non-interest bearing notes	Other	Total	Net transactions
	AIPA	HEUC	HEPF	HHIC	HEUI	AION	HEUL	HCJN	HEUQ	AARB	HHNW	HCHO	HHIB	HEUR	HCCG
1985	-1 758	52	-573	-209	-2 488	-	-86	-	85	-13	-	28	11	24	-2 464
1986	-2 891	69	-352	-227	-3 401	-	-86	-	99	207	-	-248	207	178	-3 223
1987	-12 012	84	-671	-210	-12 808	-	-69	-	102	1 104	-	273	162	1 572	-11 236
1988	-2 761	66	-702	-255	-3 652	-	-73	-	-10	25	753	-70	295	920	-2 733
1989	5 439	47	-604	-384	4 497	-	-83	-	-65	888	780	205	87	1 812	6 308
1990	-71	51	-864	-414	-1 298	-	-71	-396	-65	251	433	-194	523	481	-817
1987 Q1	-1 523	21	-149	-85	-1 736	-	-	-	7	-11	-	131	-132	-5	-1 741
Q2	-4 469	22	-164	-17	-4 628	-	-1	-	96	375	-	179	115	764	-3 864
Q3	-269	24	-144	-47	-436	-	-	-	-6	40	-	-39	31	26	-410
Q4	-5 751	17	-214	-61	-6 008	-	-68	-	5	700	-	2	148	787	-5 221
1988 Q1	-653	23	-148	-83	-861	-	-	-	22	-335	-	-29	-85	-427	-1 289
Q2	-631	16	-156	-60	-831	-	-	-	-12	179	-	53	-44	176	-655
Q3	-995	15	-169	-61	-1 210	-	-	-	-6	-119	-	-10	19	-116	-1 326
Q4	-482	12	-229	-51	-750	-	-73	-	-14	300	753	-84	405	1 287	537
1989 Q1	502	17	-98	-113	309	-	-	-	-6	-161	553	130	-303	213	521
Q2	2 134	6	-227	-68	1 844	-	-	-	-15	231	-110	-46	-	60	1 904
Q3	357	11	-105	-112	151	-	-	-	-12	451	-237	-43	421	580	731
Q4	2 446	13	-174	-91	2 193	-	-83	-	-32	367	574	164	-31	959	3 152
1990 Q1	129	13	-94	-60	-13	-	-	-129	-21	-356	182	-54	80	-298	-311
Q2	-76	14	-335	-134	-531	-	-	-249	-16	1 183	136	-46	45	1 053	522
Q3	-432	10	-116	-69	-607	-	-	-11	-8	1 142	262	-53	106	1 438	831
Q4	308	14	-319	-151	-147	-	-71	-7	-20	-1 718	-147	-41	292	-1 712	-1 859

1 Including Northern Ireland central government.

The Budget: 19 March 1991

The following are the proposed changes in taxation and national insurance as set out in the *Financial Statement and Budget Report 1991-92* (HMSO March 1991) (Price £9.25)

Income tax

The personal allowance will be increased in line with the statutory indexation provisions (based on the increase of 9.3 per cent in the RPI in the year to December 1990). So will the higher rates of the personal allowances and the married couple's allowances for those aged 65 and over. Other allowances will remain at their present levels. The allowances for 1991-92 will be:

- personal allowance £3,295 (up £290);
- married couple's allowance, additional personal allowance and widow's bereavement allowance £1,720 (no change);
- for those aged 65 to 74: personal allowance £4,020 (up £350) and married couple's allowance £2,355 (up £210);
- for those aged 75 and over: personal allowance £4,180 (up £360) and married couple's allowance £2,395 (up £210);
- the income limit for age-related allowances £13,500 (up £1,200);

The basic rate limit will be increased from £20,700 to £23,700 of taxable income, £1,000 more than under statutory indexation.

Mortgage interest relief

Tax relief on mortgage interest will be limited to the basic rate of income tax from 6 April 1991.

Benefits-in-kind

Car benefit scale charges will be increased by 20 per cent from 6 April 1991.

A standard benefit-in-kind charge for mobile telephones, including those fitted in cars, will be introduced from 6 April 1991.

The arrangements for setting the " official rate" of interest, which is used to measure the taxable benefit of cheap loans provided by employers, will be revised to bring it more into line with typical mortgage rates.

Training

Income tax relief for fees paid by trainees for qualifying vocational training courses will be introduced from 6 April 1992.

Employee participation

The rate of relief for profit-related pay under a registered scheme will be doubled so that all of it will be tax free, subject to the existing limits.

An incentive will be introduced for employers to set up all-employee share schemes and tax reliefs associated with approved employee share schemes will be extended.

Savings

The PEP scheme will be extended to allow investment of up to £3,000 a year in a single company Personal Equity Plan, over and above the present limit of £6,000 in an ordinary PEP. It will be possible to transfer shares in an all-employee scheme to a single company PEP without incurring capital gains tax. The range of eligible investments in a PEP will be extended to include equities quoted in other EC states.

The premium limit on all tax-exempt policies issued by friendly societies will be raised from £150 to £200 a year and restrictions on policies for children will be lifted.

Charitable giving

The upper limits for tax relief for single donations from companies or individuals will be abolished from 19 March 1991.

Foreign earnings

The foreign earnings deduction will be extended to enable those forced to break off employment in Iraq or Kuwait because of the Gulf crisis to qualify for relief.

The period seafarers can spend at home while still qualifying for the foreign earnings deduction on overseas earnings will be doubled.

Business taxation

The main rate of corporation tax for 1990-91 will be reduced from 35 per cent to 34 per cent; and for 1991-92 to 33 per cent.

Companies will be allowed to carry back trading losses for three years, instead of one year.

The profits limit for the small companies' corporation tax rate of 25 per cent will be raised from £200,000 to £250,000 for 1991-92 and the limit for marginal relief will be raised from £1 million to £1.25 million.

Unincorporated traders will be allowed to set trading losses against capital gains from 6 April 1991.

Employers whose average monthly PAYE/NIC bill is less than £400 will be allowed to pay PAYE/NIC quarterly rather than monthly.

The turnover limit below which only a simple three-line statement of account is required for business or rental income will be raised for accounts received after 6 April 1992.

Building societies

Legislation will be introduced to establish that interest and dividends paid by certain building societies in transitional periods on the change to the present system of accounting for composite rate tax in 1986 may be charged to tax at rates in force for 1985-86.

Capital gains tax

The capital gains tax annual exempt amount for 1991-92 will be increased in line with the statutory indexation provisions from £5,000 to £5,500 in the case of individuals and from £2,500 to £2,750 in the case of most trusts.

The qualifying age for capital gains tax retirement relief will be reduced from 60 to 55; and the relief will be available for 100 per cent of the first £150,000 (up £25,000) of real gain, and on 50 per cent of the next £450,000 (up £75,000).

The period after moving out during which a home can be sold without the owner's private residence relief for capital gains tax being affected will be extended from two to three years. The maximum exemption available when a taxpayer lets part of his or her home will be increased from £20,000 to £40,000.

Trusts
Measures will be introduced to counter avoidance of capital gains tax through non-resident trusts.

Inheritance tax
The threshold for inheritance tax will be increased in line with the statutory indexation provisions from £128,000 to £140,000 from 6 April 1991.

Stamp duties
The abolition of the duties on securities, announced in the last Budget, is now assumed to take place from 1 April 1992, rather than 1 January 1992 as assumed in the Financial Statement and Budget Report 1990-91. Stamp duties on transfers of property other than land and buildings will be abolished from the same day as the duties on securities. Stamp duty on Northern Ireland bank notes will be abolished from 1 January 1992.

Value added tax
The standard rate of value added tax (VAT) will be raised from 15 per cent to 17½ per cent from 1 April 1991.

The turnover limit for VAT registration will be raised from £25,400 to £35,000 from 20 March 1991.

The waiting period for relief on written-off bad debts will be reduced from two years to one year from 1 April 1991.

The rate of serious misdeclaration penalty will be temporarily reduced from 30 to 20 per cent from 20 March 1991 pending the outcome of a review of the penalty. Administrative changes will be made so that the penalty operates more fairly.

From 1 April 1991, VAT relief for charities will be extended to television, radio and cinema advertising; the sale of donated goods by all charities; one-off fund-raising events by charities' trading subsidiaries; donated medical and scientific equipment used in veterinary research; and certain donated equipment directly used in veterinary research.

Excise duties
The rate of pool betting duty will be reduced from 40 per cent to 37½ per cent, for a period of four years, provided that the pools promoters pass the full amount saved to a new foundation to be used for the benefit of sports and the arts together with a further contribution of twice that amount which they will collect. The cut will be conditional upon satisfactory arrangements being made, including the terms and conditions for a trust.

The duty on beer, wines and spirits will rise by 9.3 per cent, in line with the increase in the RPI in the year to December 1990. As already announced, the duty on beer will be levied on the finished product, instead of the "worts", from a date to be announced.

The duty on cigarettes, cigars, hand-rolling tobacco and pipe tobacco will rise by 15 per cent.

The duty on leaded petrol, unleaded petrol and derv will rise by 15 per cent.

Vehicle excise duties
Duty on cars, buses, light vans, lorries and most other vehicles will remain unchanged. Consequently, the overall increase in motoring duties (fuel duties and vehicle excise duties) will be 11.4 per cent.

Benefits-in-kind
Employers will pay contributions on the benefit of cars provided for the private use of employees from 1991-92, based on the scale charges set for income tax. Employees will be exempted from contributions.

Employers' current liability to contributions on free fuel available for employees' private use in company cars will be assessed from 1991-92 using the scale charges set for income tax. Employees will be exempted from contributions. Changes to national insurance contributions will be included in a separate Bill to be presented to Parliament.

Community charge
The community charge throughout Great Britain will be reduced by £140 in 1991-92. The details are set out below.

Community charge reduction
The Government's review of local government has concluded that the level of the community charge is unsustainably high, and that the immediate priority is to reduce it. It is therefore proposed to reduce the charge substantially from 1991-92.

The headline community charge for 1991-92 will be reduced throughout Great Britain by £140. The average headline charge will fall from £385 to £245 and the average amount actually paid, after taking account of rebates and reliefs, to below £175. Domestic rates in Northern Ireland will also be reduced. The yield of the community charge and Northern Ireland rates, net of reliefs and rebates, will be reduced by some £4.3 billion in 1991-92 and £4.5 billion in 1992-93, as set out in Table 4.1.

The Government proposes to take powers to pay extra grant to local authorities, and to ensure that this is fully reflected in reduced community charges. This will raise the public expenditure planning total, but there will be an offsetting reduction in local authority self-financed expenditure so that total general government expenditure will be unaffected. The public expenditure consequences are explained in detail in Chapter 5.

The reduction in the community charge will be financed by an increase in central government taxation. The main source of additional revenue proposed in the Budget is an increase in the standard rate of VAT from 15 per cent to 17½ per cent from 1 April.

Direct effects of Budget measures

£ million

	Estimated effect on receipts in: 1991-92		1992-93
	Changes from a non-indexed base	Changes from an indexed base	Changes from an indexed base
INLAND REVENUE			
Income tax			
1 Increase in personal allowance of £290	− 1420	−	−
2 No change in married couple's allowance (for those aged under 65), additional personal allowance and widow's bereavement allowance	−	+ 360	+ 490
3 Increases for those aged 65 to 74 of £350 in personal allowance and £210 in married couple's allowance	− 140	−	−
4 Increases for those aged 75 and over of £360 in personal allowance and £210 in married couple's allowance	− 60	−	−
5 Increase in income limit for age-related-allowances of £1200	− 15	−	−
6 Increase in basic rate limit of £3000	− 470	− 140	− 240
7 Restriction of mortgage interest relief to basic rate	+ 220	+ 220	+ 420
8 Mortgage interest relief: caravans	*	*	*
9 Benefits-in-kind: increase in car scales of 20 per cent	+ 190	+ 190	+ 250
10 Benefits-in-kind: standard charge for mobile telephones	+ 10	+ 10	+ 65
11 Benefits-in-kind: revised arrangements for beneficial loans	− 5	− 5	− 10
12 Relief for vocational training fees	−	−	− 15
13 Full relief for profit-related pay	− 35	− 35	− 60
14 Linkage between approved discretionary and all-employee share schemes	*	*	− 15
15 Increase in approved all-employee share scheme limits	*	*	*
16 Foreign earnings deduction: extension for employees in Kuwait or Iraq	− 5	− 5	−
17 Foreign earnings deduction: extension for seafarers	− 10	− 10	− 10
18 Quarterly payments for small employers (PAYE)	− 120	−120	*
19 Increase in turnover limit for simplified accounts	−	−	*
20 Building societies: 1986 transitional provisions	+ 250	+ 250	−
21 Abolition of CRT: penalties for false registration for gross payment	*	*	*
Income tax and corporation tax			
22 Life assurance companies	*	*	+ 20
23 Friendly societies	*	*	*
24 Abolition of upper limit on relief for single donations to charities	*	*	*
25 Relief for gifts of equipment to educational establishments	*	*	*
26 Capital allowances for VAT adjustments on capital goods	*	*	*
27 Capital allowances for toll roads	*	*	*
28 Investment managers: changes to rules	*	*	*
29 Options: relaxation of anti-bondwashing rules	−	−	*
30 Interest on new issues of securities	*	*	*
31 Stock lending and manufactured dividends	*	*	*
Income tax and capital gains tax			
32 Improvements to Personal Equity Plans	*	*	− 10
33 Set off of trading losses against capital gains	−	−	− 35
Income tax, corporation tax and capital gains tax			
34 Building societies' permanent interest bearing shares	*	*	*
Corporation tax			
35 Reduction in main rate for 1990-91 to 34 per cent	− 380	− 380	− 480
36 Reduction in main rate for 1991-92 to 33 per cent	*	*	− 350
37 Extension of carry back for trading losses	*	*	− 250
38 Increase in profits limits for small companies' rate and marginal relief	*	*	− 20
39 Extension of definition of normal commercial loan	*	*	*
40 Increase in limits for provident benefits paid by trade unions	*	*	*
41 Relief for costs of introducing employee share schemes	*	*	*
Capital gains tax			
42 Indexation of the annual exempt amount	−	−	−
43 Improvement of retirement relief	*	*	− 45
44 Extension of private residence relief	*	*	*
Capital gains tax and corporation tax			
45 Non-resident trusts: anti-avoidance measures	*	*	+ 10
46 Rebasing of capital gains: technical issues	*	*	*
47 Convertible bonds: changes to exempt status rules	*	*	*
48 Business start-up scheme shares	*	*	*
49 Unremittable gains: technical changes	−	−	−
Oil taxation			
50 Oil field abandonment	*	*	*
51 Proceedings for PRT penalties	*	*	*
Inheritance tax			
52 Indexation of threshold	− 45	−	−
Stamp duties			
53 Postponement of abolition of duties on securities	+ 165	+ 165	+ 60
54 Abolition of minor duties	−	−	− 15
TOTAL INLAND REVENUE	**− 1870**	**+ 500**	**− 240**

* = *Negligible* — = *Nil*

Direct effects of Budget measures *(continued)*

	£ million		
	Estimated effect on receipts in: 1991-92		1992-93
	Changes from a non-indexed base	Changes from an indexed base	Changes from an indexed base
CUSTOM AND EXCISE			
Value added tax			
55 Increase in standard rate to 17½ per cent	+ 3900	+ 3900	+ 5515
56 Increase in registration limit	− 25	− 25	− 40
57 Revised bad debt relief provisions	− 190	− 190	− 50
58 Revision of VAT penalty regime	− 30	− 30	− 30
59 Minor business measures	*	*	*
60 Reliefs for charities	− 5	− 5	− 5
61 Extension of group treatment	*	*	*
62 Road fuel for business journeys	—	—	—
63 Statutory provision for ex-gratia payments	− 5	− 5	− 5
Car tax			
64 Relief for cars where lessor is a charity	*	*	*
65 Relief for cars used for research	*	*	*
Excise duties			
66 Increase in duty on cigarettes, cigars, hand-rolling tobacco and pipe tobacco of 15 per cent	+ 735	+ 290	+ 335
67 Increase in duty on leaded petrol of 15 per cent	+ 665	+ 260	+ 265
68 Increase in duty on unleaded petrol of 15 per cent	+ 470	+ 180	+ 230
69 Increase in duty on derv of 15 per cent	+ 290	+ 110	+ 130
70 Increase in duty on rebated oils of 9.3 per cent	+ 15	—	—
71 Increase in duty on beer of 9.3 per cent	+ 145	+ 5	+ 5
72 Increase in duty on wine and made wine of 9.3 per cent	+ 55	—	—
73 Increase in duty on spirits of 9.3 per cent	+ 105	+ 5	+ 5
74 Increase in duty on cider and perry of 9.3 per cent	+ 5	—	—
75 Reduction in rate of pool betting duty to 37½ per cent	− 15	− 15	− 20
76 Restructuring of gaming licence duty	+ 10	+ 10	− 5
77 Introduction of registered exise dealers and shippers	*	*	*
TOTAL CUSTOMS AND EXCISE	**+ 6125**	**+ 4490**	**+ 6330**
Vehicle excise duty			
78 No change in rates for cars, buses, lorries and other vehicles	—	− 270	− 280
79 Increase in rates for motorcycles	+ 5	+ 5	+ 5
80 Single increased rate for tricycles	*	*	*
81 Increase in rates for special machines and recovery vehicles	+ 5	+ 5	+ 5
TOTAL VED	**+ 10**	**− 260**	**− 270**
National insurance contributions			
82 Employers' contributions on private benefit of company cars	—	—	+ 550
83 Employers' contributions on free fuel for private use	—	—	+ 60
84 Quarterly payments for small employers	− 90	− 90	*
TOTAL NATIONAL INSURANCE CONTRIBUTIONS	**− 90**	**− 90**	**+ 610**
TOTAL CENTRAL GOVERNMENT TAXATION AND NATIONAL INSURANCE	**+ 4175**	**+ 4640**	**+ 6430**
Community charge			
85 Charge reduced by £140 in 1991-92	− 4345	− 4345	− 4540
TOTAL GENERAL GOVERNMENT RECEIPTS	**− 170**	**+ 295**	**+ 1890**

* = *Negligible* — = *Nil*

ANNEX

How the figures have been calculated

The table gives the direct effects on receipts of changes in taxation, national insurance and the community charge. Estimates are rounded to the nearest £5 million. 'Negligible' means less than £3 million. Measures are costed in the order in which they appear in the table.

The direct effect of a tax change is the difference between the yield of tax which would arise on the basis of the rates of tax, allowances, etc prevailing before the Budget (the pre-Budget regime) and the yield after the changes proposed in the Budget (the post-Budget regime). The difference in yield is generally calculated by applying the pre- and post-Budget regimes to the same tax base. This base is the post-Budget base—that is, the levels of income, consumption, profits, etc forecast for future years on the assumption that all the measures proposed in the Budget take effect.

Thus the direct effects are estimated subject to the constraint that, in general, total incomes and total expenditure are fixed at their post-Budget levels. In other words the estimates in the table do not include income effects—that is, effects arising solely from the impact of changes in tax on disposable income. Nor do they include the effects of changes in the tax base arising from changes in pre-tax incomes, the general level of prices or other macro-economic variables which may result from the proposed tax changes.

Other behavioural effects are taken into account where it is thought that they will have a significant effect on the yield, for example tax changes which alter the allocation of savings between different financial instruments or affect the composition of expenditure. Some change between the pre- and post-Budget tax bases is thus implicitly allowed for in these cases, subject to the overall constraint on total incomes and expenditure outlined above.

For Customs and Excise taxes and duties, all the estimates of yield incorporate the effects of the tax changes on relative prices and associated changes in the pattern of consumers' expenditure. Aggregate income and consumers' expenditure at factor cost are assumed not to change. Examples where behavioural effects are taken into account for Inland Revenue taxes include changes involving the take-up of a new or modified relief and the abolition of stamp duties on securities.

Most of the figures for direct effects shown in the table represent the change in the yield of the tax in question. Where appropriate, however, the effects on the yield of other taxes are also incorporated. For example, the direct effect of a change in the exise duties on tobacco incorporates, in addition to the change in the yield from tobacco duties, the change in the yield of VAT and other excise duties resulting from changes in the composition of consumers' expenditure. As a general rule, only repercussions on the yield of other taxes of the same type are allowed for, such as other taxes on expenditure in the case of tobacco duties but not taxes on income or profits.

The figures in the first column of the table show the direct effect of the Budget proposals on receipts in 1991-92. Budget proposals are compared with a non-indexed base—that is, with the pre-Budget regime of allowances, thresholds and rates of duty at 1990-91 levels.

The figures in the second column show the direct effect of the Budget proposals on receipts in 1991–92, measured against an indexed base. The indexed base for 1991–92 is obtained by increasing allowances, thresholds and rates of duty in line with the increase in the RPI over the year to December 1990 (9.3 per cent).

The figures in the third column show the direct effect on receipts in 1992–93, also measured against an indexed base. For this comparison, both the Budget proposals and the indexed base for 1991–92 have been further indexed by the forecast movement in the RPI between the fourth quarters of 1990 and 1991.

The following paragraphs refer by number to individual line entries in the table.

Income tax

1 and 3 to 5 The increases in the personal allowance, the age-related personal and married couple's allowances (for those with incomes below the income limit), and the income limit for age-related allowances are all in line with the statutory indexation provisions (based on the increase of 9.3 per cent in the RPI in the year to December 1990.)

2 The married couple's allowance for those aged under 65, the additional personal allowance and the widow's bereavement allowance are all unchanged at £1720.

6 The increase in the basic rate limit is 14.5 per cent.

7 Higher rate relief for mortgage interest will be withdrawn from 6 April 1991. Higher rate relief for interest on loans for the purchase or improvement of let property is not affected. Transitional higher rate relief on an existing loan will be allowed where relief restricted to the basic rate is also allowable on a second (bridging) loan made before 6 April 1991. Employees paying higher rate tax will be taxed at the difference between basic and higher rates on the benefit of the first £30,000 of beneficial home loans from their employers. The entries in the table are calculated on the basis that current mortgage interest rates (assumed to be 13.75 per cent) remain unchanged.

8 Mortgage interest relief will be allowed on a loan for the purchase of a small caravan used or intended to be used as a person' s main residence without any requirement for the caravan to be a rateable hereditament.

9 For 1991-92 the scales for taxing car benefits will be increased by 20 per cent from their 1990-91 levels.

10 A new benefit-in-kind charge will be introduced from 6 April 1991 to tax the benefit from the private use of a telephone fitted in a car provided by an employer. Tax will be paid on a standard amount of £200. The same charge will be used to value the private benefit of a mobile telephone, which is already taxable.

11 The arrangements for setting the "official rate" of interest, which is used to calculate the taxable benefit of loans made by employers and the "additional charge" in respect of accommodation provided by employers which costs more than £75,000, will change from 6 April 1991. The present formula (average base rate plus 1.5 per cent) will be discontinued, and the "official rate" will be specified in a Treasury order. The intention is that this will broadly reflect typical mortgage rates. The de minimis limit, under which small benefits from cheap loans (such as those for season tickets) are disregarded, will be increased from £200 to £300 from 1991-92.

12 From 6 April 1992 fees paid by trainees for courses leading to national and Scottish vocational training qualifications up to level 4 will qualify for tax relief. Relief at the basic rate will be given by deduction at source from fees paid; higher rate relief where applicable, will be given separately. Costs are likely to increase in future years as more qualifying courses become available and with take-up. The cost shown in the table excludes an estimated public expenditure cost of £5 million in 1992-93 in respect of relief at source for non-taxpayers.

13 With effect for profit periods starting on or after 1 April 1991, the rate of tax relief for an employee's profit-related pay which is paid under a scheme registered by the Inland Revenue will be doubled to give full tax relief, subject to existing limits. The cost is estimated on the basis that the number of employees in registered schemes will rise by one third in 1992-93.

14 From 1 January 1992 any company participating in both an approved discretionary share option scheme and an approved all-employee scheme (of which the eligible employees have been informed) will be able, in the discretionary scheme, to provide for the grant of options over shares at a price representing a discount of up to 15 per cent of the market value of the shares concerned at the date of grant.

15 The annual limit on the value of shares which may be given to an employee under an approved all-employee profit-sharing scheme will be increased, with effect from 6 April 1991, from the greater of £2,000 or 10 per cent of pay (up to a maximum of £6,000) to the greater of £3,000 or 10 per cent of pay (up to a maximum of £8,000). The limit on monthly savings made by an employee under an approved all-employee savings-related share option scheme will be increased, from a day to be appointed, from £150 to £250.

16 The tax relief for foreign earnings will be extended so that employees in Kuwait and Iraq forced to return to the UK early because of the Gulf crisis, or unable to return to those countries because of it, will be relieved of UK tax on their foreign earnings up to the date of their return to the UK.

17 From 6 April 1991 the limits on the availability of the foreign earnings deduction to seafarers who work abroad for a qualifying period of 365 days will be relaxed. They will lose the deduction only if they return to the UK either for more than 183 days (previously 90 days) or for a period longer than one half (previously one quarter) of the combined time spent overseas and in the UK.

18 For deductions made after 6 April 1991 employers whose average monthly PAYE/NIC bill is less than £400 will be allowed to make payments to the Inland Revenue quarterly rather than monthly. This line shows the effect on income tax receipts. The effect on receipts of national insurance contributions is at line 84 in the table.

19 Individuals or partnerships who are trading with a total annual turnover of under £10,000, or people with rent from property where gross income is less than £10,000 are able to submit simplified accounts. For accounts received after 6 April 1992 these limits will be increased to a figure to be announced later.

20 Legislation will be introduced to establish that interest and dividends paid by certain building societies on the change to the present system of accounting for composite rate tax in 1986 may be charged to tax at rates in force for 1985-86. This will mean that the Exchequer will not repay amounts collected under the transitional arrangements except to any society which commenced judicial review proceedings before 18 July 1986 challenging the validity of Regulations bringing these payments into charge. The estimate allows for consequential effects on corporation tax.

21 A penalty will be introduced for making a false declaration in order to receive interest from building societies and deposit takers without deduction of basic rate tax.

Income tax and corporation tax

22 A measure will be introduced to give life offices an entitlement within an accounting period to repayments of tax deducted from, and payments of tax credits attaching to, their pension business income. This will give the companies treatment comparable to the self-administered pension schemes. The measure will be linked to the introduction of Pay and File. There will also be changes in the tax rules for general annuity business; and relief as management expenses will be allowed for levies paid under investor protection schemes. The yield in 1992-93 will change to a cost in subsequent years.

23 The limit on premiums payable under tax-exempt life insurance policies with friendly societies will increase from £150 a year to £200 a year. It will be possible to vary existing policies taken out after 31 August 1987 so as to take advantage of the new limit without losing their beneficial tax treatment. The current restrictions on the extent to which friendly societies can write policies for children where the maturity proceeds are free of tax will be removed. These changes will apply to policies written after Royal Assent. From 19 March 1991, societies will also be able to offer small taxable policies to members who already have a tax-exempt policy.

24 The upper limit of £5 million a year or, for non-close companies 3 per cent of dividends for income tax or corporation tax relief for single donations to charities by individuals or companies will be abolished for donations made on or after 19 March 1991.

25 Relief will be provided for gifts by businesses to educational establishments of equipment which is made, used or sold in the course of the donor's trade.

26 Capital allowances given on computers or buildings will be adjusted where the amount of VAT payable in respect of such assets is retrospectively changed under the VAT capital goods scheme introduced in April 1990.

27 Expenditure on the construction of toll roads will qualify for industrial buildings allowance from 6 April 1991, bringing their treatment into line with other privately financed projects such as toll bridges and tunnels.

28 The rules which exempt UK investment managers acting for non-resident clients will be extended.

29 The anti-bondwashing rules will be relaxed to make it easier to buy or sell shares using options without a tax charge arising.

30 The tax rules governing interest calculated by reference to a period prior to the issue of securities will be amended.

31 Stock lending of overseas securities will be facilitated by removing the limit of three parties in an approved lending chain. In addition, the arrangements for accounting for tax on the manufactured dividends paid by the borrower to the lender will be given firmer statutory backing.

Income tax and capital gains tax

32 With effect from 1 January 1992 it will be possible to suscribe up to £3,000 a year to a Personal Equity Plan (PEP) investing in the shares of a single company, in addition to up to £6,000 (as at present) to an ordinary PEP. It will be possible to transfer shares held in an approved all-employee scheme into a single company PEP without incurring capital gains tax. From late 1991 the range of PEP investments will be extended to equities quoted in other EC states, and to unit and investment trusts with at least half their holdings in EC equities. And, from 6 April 1991, the limit on investment in unit and investment trusts not meeting the investment requirements will be increased from £900 to £1,500. The cost of these measures is expected to rise in later years.

33 After 5 April 1991, if an unincorporated trader makes a loss which can be set off against his or her other income of the same or the following year, any unused loss can be set against his or her capital gains of those years.

Income tax, corporation tax and capital gains tax

34 Building societies' permanent interest bearing shares that are denominated in sterling will be exempt from tax on capital gains. Interest on these new building society shares will be paid after deduction of income tax.

Corporation tax

35 The rate for 1990-91, which was set in the Finance Act 1990 at 35 per cent, will be reduced to 34 per cent.

36 The rate for 1991-92 will be reduced to 33 per cent.

37 The period for which trading losses can be carried back will be extended from up to one year to up to three years.

38 The profits limit for small companies' rate of corporation tax of 25 per cent for 1991-92 will be raised from £200,000 to £250,000 and the limit for the marginal relief will be raised from £1 million to £1.25 million.

39 A technical change will be made to the definition of a normal commercial loan for group relief and other purposes.

40 The limits for tax exemption for trade unions and employers' associations which pay provident benefits will be raised from £3,000 to £4,000 for gross sums and from £625 to £825 for annuities.

41 Costs incurred by companies on or after 1 April 1991 in establishing approved employee share schemes or statutory employee share ownership plans (ESOPs) will be relieved of tax.

Capital gains tax

42 The capital gains tax annual exempt amount will be increased in line with the statutory indexation provisions (based on the increase of 9.3 per cent in the RPI in the year to December 1990) to £5,500 (2,750 for most trusts). The estimated full year cost of indexation in respect of 1991-92 liabilities is £10 million.

43 The qualifying age for retirement relief on the disposal of businesses and interest in family companies will be reduced from 60 to 55. The ceiling for the relief will be increased so that, where the full conditions are met, the first £150,000 of gains will be fully exempt and half of any further gains up to £600,000 will be exempt. The present ceilings are £125,000 and £500,000 respectively. The cost of these changes in a full year is £70 million.

44 Three changes will be made to the relief for principal private residences. First, the period after moving out during which a home can be sold without a reduction in the owner's entitlement to this relief will be increased from two to three years. Second, the present exemption, where owners let part or all of their main home, of up to £20,000 of any gains which do not attract the private residence relief will be increased to £40,000. Third, the maximum amount of land which can normally qualify for private residence relief will be changed from one acre to half a hectare.

Capital gains tax and corporation tax

45 A charge to capital gains tax will be made on a trust which ceases to be resident in the UK, and on a settlor who retains an interest in a non-resident trust. The existing rules for charging the gains of non-resident trusts on beneficiaries will be strengthened, and a supplementary charge introduced on payments and benefits which are received. Without these measures there could be a significant loss of tax. The measures themselves may produce a direct yield of £15 million in a full year.

46 The rule in the Finance Act 1988 for rebasing the charge on capital gains to 31 March 1982 includes a provision allowing certain gains deferred between 31 March 1982 and 6 April 1988 to be halved. Technical changes will be made to ensure that the benefit of this relief cannot be given twice in respect of the same gains, and that the value of the relief cannot be increased by the taxpayer making a claim for it on a later rather than an earlier occasion. The changes will prevent a possibly significant future loss of tax.

47 Changes will be made to the definition of the range of bonds exempt from charges on capital gains. Bonds convertible into shares of a quoted parent company will cease to be exempt. Bonds convertible into exempt bonds will themselves be exempt. These changes will counter possible developments which could lead to a significant loss of tax.

48 Shares acquired under the business start-up scheme will be excluded from the arrangements for share pooling.

49 The provisions enabling tax to be deferred where gains are unremittable to the United Kingdom will be amended to make it clear that the relief is available where the unremittability arises in the country where the assets concerned are situated.

Oil taxation

50 A more comprehensive definition of oil field abandonment costs allowable for petroleum revenue tax (PRT) purposes will be introduced. PRT and corporation tax relief will be given on the costs of obtaining guarantees of field abandonment costs. PRT and corporation tax relief will be given where participators in a field meet the abandonment costs of a fellow participator defaulting on his obligations.

51 Doubts about the law on taking PRT penalties by proceedings before the Special Commissioners will be removed.

Inheritance tax

52 The increase in the threshold is in line with the statutory indexation provisions (based on the increase of 9.3 per cent in the RPI in the year to December 1990). The estimated full year cost of indexation attributable to taxable estates in 1991-92 is £125 million.

Stamp duties

53 Under the Finance Act 1990 the abolition date for duties on securities is to be appointed by Treasury order; it will coincide as closely as possible with the introduction of the Stock Exchange's new system for paperless share transfers (TAURUS). Abolition was previously assumed to take effect from 1 January 1992. Following the Stock Exchange's announcement of postponement of the introduction of TAURUS, it is now assumed to take effect from 1 April 1992.

54 Stamp duties on transfers of property other than land and buildings will be abolished from the same date as the duties on securities, assumed to be 1 April 1992. The duty on Northern Ireland bank notes will be abolished from 1 January 1992.

Value added tax

55 The standard rate of VAT will be increased from 15 per cent to 17½ per cent from 1 April 1991.

56 The turnover limit for VAT registration will be raised from £25,400 to £35,000 from 20 March 1991, and the deregistration threshold from £25,400 to 33,600 from 1 May 1991.

57 The waiting period for relief on bad debts written off in traders' accounts will be reduced from two years to one year from 1 April 1991.

58 The rate of serious misdeclaration penalty will be temporarily reduced from 30 per cent to 20 per cent from 20 March 1991 pending the outcome of a review of the penalty. In addition, a period of grace will be introduced during which penalties will not normally be applied on errors found by Customs in the latest accounting period; and a penalty will not normally be charged where a mistake is cancelled out by a mistake in the next return with no overall loss of VAT.

59 From a date to be announced the turnover threshold for annual accounting will be raised from £250,000 to £300,000; there will also be increases in the threshold for using some retail schemes, the limit below which less detailed tax invoices may be issued by retailers, and the limit below which a tax invoice is not required for payments or purchases through a coin-operated machine.

60 From 1 April 1991 VAT relief for charities will be extended to television, radio and cinema advertising; the sale of donated goods by all charities; one-off fund-raising events by charities' trading subsidiaries; donated medical and scientific equipment used in veterinary research; and certain donated equipment directly used in veterinary research.

61 From Royal Assent group treatment will be extended to overseas companies established in the UK.

62 The right of businesses to reclaim VAT on mileage allowances paid to employees to cover road fuel bought for business use will be put on a statutory basis.

63 Taxpayers who pay too much VAT as a result of official error will have a statutory entitlement to interest on the VAT overpaid, from Royal Assent. Such payments are currently made ex-gratia from Vote and will in future be made out of Revenue. The effect shown is the cost to Revenue, but there is a corresponding saving to public expenditure of £5 million.

Car tax

64 The existing relief from car tax for cars supplied for leasing to the handicapped will be extended from Royal Assent to cover leasing agreements which end within three years.

65 From Royal Assent cars used by or on behalf of a car tax registered person for the purposes of commercial or industrial research will be relieved from car tax.

Excise duties

66 Price effects shown below are for the increase in excise duties (and consequential VAT at 15 per cent) from 19 March. The increased VAT standard rate will apply from 1 April. The duties on cigarettes, cigars and hand-rolling tobacco and pipe tobacco will be increased by 15 per cent. The increases in duty plus VAT are equivalent to about 16p on a packet of 20 cigarettes, about 8p on a packet of 5 small cigars, about 24p on a 25 gram packet of hand-rolling tobacco and about 11p on a 25 gram packet of pipe tobacco.

67 The duty on leaded petrol will be increased by 15 per cent, equivalent to an increase in duty plus VAT of 3.9p a litre.

68 The duty on unleaded petrol will be increased by 15 per cent, equivalent to an increase in duty plus VAT of 3.4p a litre. The tax differential in favour of unleaded petrol will consequently rise from 3.3p a litre to 4.0p a litre.

69 The duty on derv will be increased by 15 per cent, equivalent to an increase in duty plus VAT of 3.3p per litre.

70 The duty on gas oil and fuel oil will rise by 9.3 per cent, equivalent to about 0.1p per litre. This is exclusive of VAT since gas oil and fuel oil supplied to domestic users are zero-rated.

71 The duty on typical beer will be increased by 9.3 per cent, equivalent to an increase in duty plus VAT of about 2p a pint. Duty on beer will be levied on the finished product, instead of the "worts", from a date beyond 1991-92 to be announced later.

72 The duties on wine and made wine will be increased by 9.3 per cent, equivalent to an increase in duty plus VAT of about 9p on a 75cl bottle of still wine, about 15p on a 75cl bottle of sparkling wine, about 14p on a 70cl bottle of sherry and about 18p on a 75cl bottle of port.

73 The duty on spirits will rise by 9.3 per cent, equivalent to an increase in duty plus VAT of about 56p on a 75cl bottle of spirits.

74 The duty on cider and perry will be increased by 9.3 per cent, equivalent to an increase in duty plus VAT of about 1p a pint.

75 The rate of pool betting duty will be reduced from 40 per cent to 37½ per cent for a period of four years, provided that the pools promoters pass the full amount saved to a new foundation to be used for the benefit of sports and the arts together with a further contribution of twice that amount which they will collect. The cut in the rate of duty is assumed to take effect from 1 August 1991; it will be conditional upon satisfactory arrangements being made, including the terms and conditions for a trust.

76 Gaming licence duty will be restructured from 1 October 1991. Casinos will be required to make quarterly interim payments of duty based on accrued gross gaming yield, with liability being finally assessed half-yearly. The duty band thresholds will be raised by 20 per cent, so that duty will be payable at the rate of 2½ per cent on the first £450,000 of gross gaming yield for each half-year; 12½ per cent on the next £2,250,000; 25 per cent on the next £2,270,000; and 33⅓ per cent on any remainder. The fixed amount of duty payable on application for a gaming licence will be reduced from £250 to £10.

77 A new category of excise trader, to be known as a registered exise dealer and shipper, will be established. Registration with Customs and Excise will allow a trader to import and pay excise duties on goods from other EC countries outside the bonded warehousing system. Registration will take place during 1992 to become effective on 1 January 1993 on completion of the Single Market.

Vehicle excise duties

78 Duty on cars, buses, lorries and most other vehicles will remain unchanged. Mine rescue vehicles will be exempt from duty. Private fire engines will be subject to the rate of duty on cars. Pedestrian-controlled mowing machines will cease to be liable to registration and licensing.

79 The duty on motorcycles will be raised from £10, £20 and £40 (according to engine capacity) to £15, £30 and £50 with effect from 20 March 1991.

80 The two duty rates for tricycles of £10 and £40 will be replaced by one rate of £50, with effect from 20 March 1991.

81 Duty on special machines (agricultural machines, mobile cranes and similar vehicles) will be increased from £16 to £30, and on recovery vehicles from £50 to £75, with effect from 20 March 1991.

National insurance contributions

82 Employers' contributions on the private benefit of cars they provide for employees will be introduced from 1991-92 at the employers' main rate (10.4 per cent for 1991-92). Contributions will be assessed annually, and collected in the following year. They will be based on the income tax car benefit scales. Employees will be exempted from contributions.

83 Employers' existing liability to contributions on the benefit of free fuel made available for employees' private use will be assessed using the income tax fuel scales from 1991-92. Contributions on free fuel will no longer be payable by employees. The estimated yield is net of contributions that would have arisen under existing legislation.

84 For deductions made after 6 April 1991, employers whose average monthly PAYE/NIC bill is less than £400 will be allowed to make payments to the Inland Revenue quarterly rather than monthly. This line shows the effect on receipts of national insurance contributions. The effect on income tax receipts is at line 18 in Table 4.1.

Community charge

85 The community charge for 1991-92 will be reduced throughout Great Britain by £140. Domestic rates in Northern Ireland will also be reduced. The cost shown is the effect on receipts of the reduction in the community charge and in Northern Ireland rates, net of savings on reliefs and rebates.

The Economy: recent developments and prospects to mid-1992

The following notes and tables are taken from the *Financial Statement and Budget Report 1991–92* (HMSO, March 1991) (Price £9.25):

Summary

Inflation

Retail price inflation has fallen from its peak last autumn. It is set to fall sharply in 1991, to 4 per cent in the fourth quarter, and to 3¾ per cent by mid-1992.

Demand and activity

GDP fell in the second half of 1990, with weakening domestic demand, and is likely to continue to fall in the first half of 1991. Activity should recover in the second half of the year, though in 1991 as a whole GDP is forecast to be 2 per cent lower than in 1990. The recovery is likely to gather pace in 1992.

Labour market

Unemployment has risen sharply since the autumn, reflecting the weakness of activity. With the prospect of a further fall in activity in the first half of 1991, unemployment may continue rising this year, though at a slower rate than recently.

Current account

The current account deficit is forecast to halve in 1991 to £6 billion, as imports fall in response to falling domestic demand.

Financial developments

Sterling entered the Exchange Rate Mechanism (ERM) on 8 October. Since then the sterling index has been within a narrow range around 94. Over the same period interest rates have fallen. Monetary growth fell in the second half of last year, and M0 is well within its target range. The public sector is estimated to have been in broad balance in 1990-91 and a public sector borrowing requirement of £8 billion is forecast for 1991-92, largely as a result of the weakness of activity.

World economy

The world economy was slowing even before the Gulf crisis and the associated rise in oil prices. Oil prices have now fallen back, and are assumed in this forecast to stay close to recent levels. Growth in the major seven economies is expected to fall to 1¼ per cent in 1991, the lowest rate since 1982. With slower growth and lower oil prices, inflation is likely to edge down.

Recent developments

After several years of buoyant activity, the growth rate of the major seven economies slowed in 1990. Although growth remained strong in Japan and Germany, output was falling towards the end of the year in the US, Canada and France, as well as in the UK. In Japan and Germany there are now tentative indications of slower growth. The growth of world trade in manufactures is estimated to have fallen to about 5 per cent in 1990, its lowest rate since 1986 and well below that of recent years.

Current account surpluses and deficits in the major three countries narrowed significantly in 1990, partly reflecting the relative strengths of activity. The Japanese surplus fell to 1¼ per cent of GNP, its lowest since 1982, and in Germany the surplus fell to its lowest level as a proportion of GNP since 1985. The fall in the US deficit was less than might have otherwise been expected because of a deterioration in the terms of trade in response to the lower dollar.

Non-oil commodity prices weakened in the second half of 1990; in SDR terms they fell by more than 13 per cent in the year to February 1991. The doubling of oil prices between July and October led to an increase in consumer price inflation in the major seven economies in the same period of about 1 to 1½ percentage points. More recently, the fall in oil prices has helped to ease inflationary pressure. But even excluding oil price effects, inflation has started to decline, especially in those countries where growth has now slowed.

Since the autumn, US short term interest rates have fallen and German rates have risen. Real interest rates in most of the major European countries rose in 1990, to around 6 to 7 per cent by the end of the year, well above the levels seen for most of the 1980s. In contrast US real interest rates fell to less than 2 per cent.

Forecast

The recession in the US is forecast to be quite short-lived and relatively mild. Growth is expected to resume by the second half of this year, helped by an upturn in consumers' expenditure, which has been little changed since late 1989. In France and Italy growth in 1991 is expected to be around 1½ per cent, somewhat slower than in 1990. In Japan and Germany growth is expected to moderate, to about 3 per cent in the second half of the year. For the G7 as a whole the forecast GNP growth of 1¼ per cent this year would be the slowest since the 1982 recession. Slower growth of business investment is expected to be a common feature among the G7 countries.

The recovery in North America, albeit uncertain in its timing and extent, is the main reason why G7 growth is forecast to increase to 2½ per cent in the first half of 1992. Growth of world trade in manufactures follows the path of G7 activity closely, falling to 3¾ per cent in 1991 before recovering in the first half of 1992 to a rate a little below the average of the last ten years.

Table 1 World economy

	Percentage changes on a year earlier			
	Estimates		Forecasts	
	1989	1990	1991	1992 H1
Major seven countries [1]				
Real GNP	3¼	2½	1¼	2½
Domestic demand	3	2½	1	2½
Industrial production	3½	1½	½	2½
Consumer price inflation	4½	5	4½	3½
World trade, at constant prices				
Total imports	7½	5	3¼	5
Trade in manufactures	8½	5	3¾	5½

1 US, Japan, Germany, France, UK, Italy and Canada.

The forecast assumes that the Brent oil price averages $18 a barrel and that other commodity prices remain close to their recent low levels. These factors, together with weakening activity and high real interest rates in most countries, provide a favourable background for a reduction in consumer price inflation.

The forecast is for inflation to average 3½ per cent in the G7 countries by the first half of 1992. This would be the best inflation performance since 1988. The US and German current account balances should continue to narrow, reflecting dollar depreciation in 1990 and weak domestic demand in the US, and the continuing effects of unification in Germany.

UK demand and output

After signs of seemingly renewed vigour early in 1990, domestic demand fell through the final six months as persons and businesses cut their spending. These developments tipped the economy into recession, with GDP falling 1¾ per cent between the first and second halves of 1990. Even so, GDP rose ½ per cent in the year as a whole.

Domestic demand is forecast to go on falling in the early months of 1991,but at a slower rate than in late 1990. While it is always difficult to predict turning points, a recovery is forecast from around the middle of the year. It could be slow initially, and domestic demand may fall by 2¾ per cent in 1991 as a whole. Over the same period GDP is forecast to fall by 2 per cent. The recovery is expected to gather pace next year, with both domestic demand and GDP forecast to rise by over 2 per cent in the year to the first half of 1992.

The initial source of the recovery is likely to be a revival of consumer confidence in response to falling inflation and lower interest rates. This will stimulate both consumer spending and activity in the housing market. There should also be a contribution from stocks — slower destocking in the first instance — but other business spending may not pick up until 1992. Export growth too should begin to pick up later in the year with the recovery in the US and other major countries.

The fall in GDP in the second half of 1990 was spread across most sectors. Manufacturing output, which is usually more cyclical than GDP, fell by 5 per cent between March and December 1990, and by ½ per cent in the year as a whole. Output of the service and construction sectors of the economy, both of which enjoyed very rapid growth during the late 1980s, fell by nearly 1 per cent in the second half of last year. Manufacturing output is expected to fall by 5 per cent in 1991, though growth is projected to pick up during the year, and into 1992.

Personal sector

Consumer spending fell by 1¾ per cent in the second half of 1990. The fall occurred despite continued strong growth in real personal disposable incomes, and the personal saving ratio picked up quite sharply to nearly 11 per cent. The personal sector is clearly adjusting to the combination of tight monetary policy over the last two years and increased debt servicing needs following substantial borrowing during the late 1980s. The weakness of the housing market last year also probably contributed to consumers cutting back on their spending. The ratio of the personal sector wealth (including housing) to income fell back in 1990 after extremely rapid growth in the late 1980s.

Consumer spending is projected to go on falling into the early months of 1991, and to fall by 1¾ per cent in the year as a whole. Much slower growth in real personal disposable incomes and a sustained high savings ratio are likely to inhibit spending. Nonetheless spending is expected to recover from mid-1991. The pick-up is associated with an expected slow recovery in the housing market, which helps stabilise the wealth to income ratio at historically high levels. This, along with falling inflation and lower interest rates, is likely to regenerate consumer confidence after a prolonged period in the doldrums. The personal saving ratio may decline a little from its high level at the end of 1990. Housing investment may also continue to fall in early 1991 before starting to recover from mid-year.

Company expenditure and income

Business investment rose by a total of 43 per cent in the three years to 1989, prompted by rising real rates of return, rapid growth in output, buoyant business optimism and tightening capacity constraints. After peaking at record levels in early 1990, it fell through the rest of the year as the economy slowed and profitability declined. Companies also faced the need to correct a difficult financial situation, partly induced by their strong borrowing to finance the investment and take-over booms of the late 1980s.

Recent CBI Industrial Trends Surveys reveal a weakening of business confidence, probably exacerbated by the Gulf crisis and associated uncertainties about the economic outlook. The same surveys point to a decline in investment in the manufacturing sector this year. That is likely to be true of business investment as a whole. Rates of return are expected to fall again in 1991 as companies are caught between weak turnover and high unit labour cost growth. Capacity utilisation will also remain low. Business investment is thus expected to fall by nearly 10 per cent in 1991. Even so, it will still be at historically very high levels. It is forecast to rise only slowly in early 1992; it is usual for the recovery in business investment to lag the general cycle in activity. Rates of return should start to recover in 1992, creating the climate for stronger growth investment later.

Government investment

General government investment again rose sharply in 1990. It is forecast to fall in 1991, with higher central government investment more than offset by lower local authority investment.

Table 2 Gross domestic fixed capital formation

		Percentage changes on previous year	
	Weights in 1990	1990	Forecast 1991
Business[1]	71	— 1¼	— 9¾
Private dwellings[2]	15	— 13	— 11¾
General government[3]	14	10	— 6½
Total fixed investment	**100**	**— 1¾**	**— 9¾**

1 Includes public corporations.
2 Includes purchases less sales of land and existing buildings for the whole economy.
3 Excludes purchases less sales of land and existing buildings.

Stockbuilding

Destocking contributed to the moderation of GDP growth in late 1989 and 1990, reflecting adjustment by companies to their difficult financial situation. Destocking may continue throughout 1991 for much the same reason. Nonetheless, stocks are likely to play a much smaller role than in previous recessions, and to contribute less to the subsequent recovery. Firms probably entered the present recession with fewer stocks to disgorge, and may enter the recovery with less need to rebuild them.

Companies' financial position

Industrial and commercial companies' profits (net of stock appreciation) are estimated to have fallen by 1½ per cent in 1990. Saving also fell, and was insufficient to cover companies' spending on fixed investment and stocks. For the third year running, therefore, companies ran a financial deficit. Profits are likely to

remain weak in 1991. Saving, however, is expected to recover as companies face lower tax and interest payments and profits due abroad. Along with reduced spending on fixed investment and stocks, the projected recovery in saving means that the financial deficit should be substantially reduced in 1991, with a further reduction expected in early 1992.

Trade and the balance of payments

The current account is estimated to have been in deficit by £13 billion in 1990, down from £20 billion in 1989. The visible deficit fell sharply through the year as imports responded to weak domestic demand. By the fourth quarter, the manufactures deficit was around 1 per cent of GDP, the lowest since 1985. Estimates of the invisibles surplus for 1990 have been revised upwards substantially. They now suggest a rise in the surplus between 1989 and 1990, and a particularly buoyant performance in the second half of last year.

Competitiveness

UK relative unit labour costs in manufacturing rose during 1990, as the exchange rate firmed and UK unit labour costs rose more rapidly than those in other major industrial countries. Nevertheless, the level of relative unit labour costs against ERM countries remains lower than on average in the 1980s, and close to the average over the past 25 years. UK unit labour cost growth is expected to fall substantially as earnings growth slows and productivity recovers with activity. By the first half of 1992 it is expected to be similar to that in other major countries.

Non-oil trade

The volume of exports of manufactures rose by 7¾ per cent in 1990, following growth of 10½ per cent in 1989, and the UK volume share of world trade in manufactures rose for the second year running. Exports of passenger cars were particularly strong, up 20 per cent in 1990 as a whole. Export growth has, however, eased in recent months as the world economy has slowed. With a further slow-down in world trade in prospect, and the somewhat higher level of the real exchange rate, exports are forecast to grow only slowly in 1991. However, they pick up as world trade growth recovers; by the first half of 1992, the volume of exports of manufactures is forecast to be 4 per cent higher than a year earlier. The UK's share of world trade in manufactures is forecast to be close to the average level of the last three years.

Following a rise early in 1990, non-oil import volumes fell steadily through the rest of the year, and by the fourth quarter were a little lower than a year earlier. There were particularly sharp falls in imports of passenger cars and capital goods, as consumers and companies cut back their expenditure. Non-oil import volumes are forecast to fall by 2¼ per cent in 1991, reflecting the forecast of domestic demand. Import volumes are likely to pick up more rapidly than domestic demand as the economy recovers in the first half of 1992. This implies a continuation of the historical upward trend in import penetration, which all industrialised economies have experienced, reflecting increasing openness of the world economy.

Current account adjustment over the past year has also been helped by a rise in the non-oil terms of trade, as sterling import prices fell sharply in response to the firmer exchange rate. Sterling export prices also fell through the year, though by less, as companies reduced export margins to try to maintain their export market share in the face of falling domestic demand.

Table 3 Visible trade volumes

	Percentage changes on previous year					
	Non-oil goods		Oil		All goods	
	Exports	Imports	Exports	Imports	Exports	Imports
1989	10¼	7¾	− 20½	11¾	5	8
1990	6½	½	8¼	12	6¾	1¼
1991 Forecast	2½	− 2¼	− 3¾	− 1¾	1¾	− 2¼

Oil production and trade

North Sea oil production in 1990 was about the same as in 1989, but considerably lower than forecast in the 1990 FSBR. The large programme of work to fit new safety equipment required longer than expected shutdowns in some fields. This work is continuing in 1991 and oil production is forecast to be slightly below its 1990 level, close to the centre of the Department of Energy Brown Book range.

With little change in oil production, and the rise in dollar oil prices in 1990 partly offset by the rise in the dollar-sterling exchange rate, the oil trade surplus in 1990 remained at around £1½ billion. The sterling oil price is assumed to be lower in 1991 than in 1990 and the oil trade surplus is forecast to decline to £1 billion.

Invisibles and net overseas assets

Following a weak performance in the first half of 1990, the invisibles surplus is estimated to have doubled to £3½ billion in the second half of the year. In 1990 as a whole the surplus was £5 billion, up £1 billion on the previous year. The rise mainly reflected buoyant net earnings from direct investment. There was little change in the transfers deficit but the services surplus fell in 1990, largely as a result of reduced earnings by the insurance sector.

The invisibles surplus is forecast to rise to £6 billion in 1991. This forecast partly discounts the buoyancy of net earnings from interest, profits and dividends (IPD) at the end of 1990, which may not be sustained. Little change in IPD is expected overall, even though lower sterling interest rates should reduce banks' net interest payments overseas. The services surplus is likely to begin to recover during 1991, but not sufficiently to prevent a further fall in the surplus year on year. However, the transfers balance should benefit substantially from a rebate of EC contributions and from financial contributions by other governments to the UK's Gulf expenditure.

The rise in the exchange rate during 1990, particularly against the dollar, and the fall in world stock markets, contributed to an estimated fall in the sterling value of identified net overseas assets to £41 billion at the end of 1990, compared with £103 billion a year earlier. This reduction followed substantial increases, reflecting large capital gains, in the previous two years. The recent revival of the dollar and world stock markets will have partly reversed this fall. The difficulties in measuring certain capital flows (reflected in the balancing item in the overseas account) and in valuing direct investments mean, however, that estimates of net overseas assets are subject to wide margins of error.

Current account

The current account deficit is forecast to fall from £13 billion (2¼ per cent of GDP) in 1990, to £6 billion (1 per cent) in 1991. This mainly reflects a further fall in the deficit on trade in manufactures as a result of lower domestic demand.

Table 4 Current account

£ billion

	Manufactures	Oil	Other	Total Visibles	Invisibles	Current balance	Balancing item
1989	— 17	1½	— 8½	— 24	4	— 20	15
1990	— 11	1½	— 8½	— 18	5	— 13	3½
1991 Forecast	— 6	1	— 7	— 12	6	— 6	

Financial balances and the current account

Over the three years to 1989 the private sector (persons and companies) ran increasingly large financial deficits, with spending rising faster than income. The deterioration in its financial position was without precedent in the last seventy years, and had its counterpart in a worsening current account deficit. With private sector income forecast to rise faster than spending, the private sector financial balance is expected to return to its traditional surplus in 1991 and early 1992. This is reflected in a smaller current account deficit. Within the private sector, both persons and companies are expected to improve their position, with persons increasing their surplus and companies reducing their deficit.

Inflation

Producer output price inflation (excluding food, drink and tobacco) was 6¾ per cent in February, ½ per cent higher than its rate through the summer. This recent pick up in inflation is surprising. It may reflect efforts by producers to defend their profit margins. Margins have been under pressure for some time from the recession and rising costs, especially labour costs.

Retail price inflation has fallen sharply in recent months, from almost 11 per cent in October to 9 per cent in January. This partly reflects reduced mortgage interest rates in November 1990, and the effects of the mortgage rate rise of November 1989 dropping out of the twelve-month comparison. Petrol prices have also declined as world oil prices have fallen back from their peak in October. But even allowing for these factors, retail price inflation has slowed in response to weak consumer demand and a sharp reduction in food price inflation as supply conditions have improved after the drought of 1989.

Provisional CBI data show a marked fall in pay settlements in manufacturing to 8¼ per cent in the first quarter of 1991, from around 9 per cent in the previous three quarters. In addition, an increasing number of firms have reached agreements which provide either for no increase in pay or defer any increase until later in the year. Whole economy underlying earnings growth fell to 9½ per cent in January from a peak rate of 10¼ per cent in July, as overtime and bonus payments fell in response to the slowdown in activity.

Prospects

Unit labour cost growth in manufacturing is likely to slow sharply through 1991 and beyond, principally as productivity growth rebounds with the recovery in activity. Earnings growth is also expected to moderate as settlements respond to falling inflation and companies further rein back overtime and bonuses. The CBI's Survey of manufacturers in February suggests that underlying inflationary pressures are abating rapidly. The balance of firms expecting to increase prices in the immediate months ahead was at its lowest ever level. With manufacturing output likely to fall further for a while, the recent pick up in producer output price inflation is unlikely to be maintained. It is expected to fall to 4¾ per cent in the fourth quarter of 1991, declining further to 4 per cent by mid-1992.

Weak consumer demand will exert strong downward pressure on retail price inflation throughout 1991. Recent cuts in mortgage rates, the mortgage rate rise of March 1990 dropping out of the twelve month comparison, and the net impact of the Budget measures will also contribute to sharply falling inflation. RPI inflation is forecast to be 4 per cent in the fourth quarter of 1991 and 3¾ per cent by the middle of 1992.

Table 5 Retail and producer output price inflation

	Weights in 1991[1]	Percentage changes on a year earlier: 1990 Q4	Forecast: 1991 Q4	Forecast: 1992 Q2
Food	15	6¾	4¾	3½
Housing[2]	19¼	19½	— 6¼	1¾
Other	65¾	8	6¾	4¼
Total RPI	**100**	**10**	**4**	**3¾**
Producer output prices[3]		**6¼**	**4¾**	**4**

1 The weights used here are provisional. They are unlikely to differ significantly from the final weights which became available from the CSO on 22 March.
2 Includes community charge.
3 Excluding food, drink and tobacco.

The GDP deflator, which measures the price of domestic value added (principally unit labour costs and profits per unit of output), is forecast to rise by 7¾ per cent in 1990-91, boosted by the rise in oil prices and the improvement in the terms of trade. The increase in VAT in the Budget adds about 1 per cent to the GDP deflator. Even so the growth in the deflator is expected to fall to 7 per cent in 1991-92.

Exchange rates and interest rates

For most of the period since the UK joined the ERM sterling has traded in a relatively narrow range. The sterling effective index remains close to its level just before ERM entry. Short term interest rates which were reduced by 1 percentage point at the time of ERM entry, have since fallen further. Long rates have also fallen back since the early autumn, by over 1 percentage point, in part reflecting growing confidence about the prospects for low inflation.

Money and credit

The year on year growth rate of M0 has fallen from 7½ per cent last spring to around the centre of its target range in early 1991. Broad money growth began to fall in early 1990 from a peak of around 19 per cent. By January the annual growth of M4 was down to 11 per cent. Bank and building society lending had begun to respond to tight monetary policy earlier, as high interest rates reduced lending for house purchase. During 1990 the decline in the growth of credit gathered pace, as industrial and commercial companies also cut back sharply on their borrowing. By the start of 1991 the growth of bank and building society lending was down to 13 per cent, little more than half its peak of two years earlier.

Asset prices

Following strong rises in the second half of the 1980s, asset prices weakened during 1990, reflecting the tightness of monetary policy. There was a substantial fall in the ratio of house prices to average earnings, and real equity prices fell sharply. More recently, however, there have been signs that the housing market may be close to its trough and equity prices have risen strongly since mid-January.

Employment and unemployment

Latest data from the Department of Employment indicate that employment probably peaked around mid-1990. By then employment had risen by 3¼ million since March 1983, on the back of sustained strong growth in activity through most of the 1980s. Employment started to fall in the second half of 1990 as recession gathered pace and companies took action to control unit labour costs. Productivity has fallen, as it usually does when the economy goes into recession. Unemployment started to rise last spring; since March 1990 it has risen by 370 thousand. Employment is expected to go on falling in 1991, even after the economy starts to recover; employment usually lags the cycle in output. Unemployment is expected to rise further. How much it may rise, and for how long, depends in part on the speed with which wage settlements moderate.

Forecast and outturn

Table 6 compares the main elements of the forecast published in the 1990 FSBR with the outturns for 1990 or the latest estimates for 1990-91.

Errors on the forecasts of demand, activity and the current account were within, in some cases well within, the average errors from past forecasts. GDP growth was a little less than forecast. Domestic demand was stronger, reflecting unexpected resilience in the first half of the year, but net exports were weaker than forecast. The error on inflation was bigger than average, largely due to a slower than usual response of underlying inflation to the fall in demand, but also because of the effect of the Gulf crisis on petrol prices. The public sector debt repayment is likely to be well below last year's Budget forecast, with large errors on both the income and expenditure sides of the account.

Table 6 Forecast and outturn

	Percentage changes on a year earlier unless otherwise stated		
	1990 FSBR	Outturn or latest estimate	Average errors from past forecasts
GDP (1990)	1	½	1
Non-North Sea GDP (1990)	¾	½	¾
Domestic demand (1990)	– ½	0	1¼
RPI (1990 Q4)	7¼	10	1¼
Money GDP (1990–91)[1]	7½	7¼[2]	1¾
Balance of payment current account (1990, £ billion)	– 15	– 13	5½
PSBR (1990–91, £ billion)	– 7	– ¾[2]	5¼

1 Adjusted to remove the discontinuity arising from the abolition of domestic rates.
2 Partly forecast.

Risk and uncertainties

Table 7 shows average errors from past forecasts. These provide a rough guide to possible margins of error on the new forecasts, and should be borne in mind when interpreting and assessing the forecasts. On this occasion there is added uncertainty about the effects of the Gulf war and its aftermath, and the difficulty of predicting turning points in economic activity.

Table 7 Economic prospects: summary

	Percentage changes on a year earlier unless otherwise stated			
		Forecast		Average errors from past forecasts[1]
	1990	1991	1992 H1	
GDP and domestic demand at constant prices				
Domestic demand	0	– 2¾	2¼	1
of which:				
Consumers' expenditure	1	– 1¾	2¼	1¼
General government consumption	1¾	1½	1¼	1
Fixed investment	– 1¾	– 9¾	1¼	3
Change in stockbuilding (as per cent of GDP)	– ¾	– ¼	½	½
Exports of goods and services	4¾	1	4¾	1¾
Imports of goods and services	1½	– 1½	4¾	2¼
Gross domestic product (average measure)	½	– 2	2	1
Non-North Sea GDP	½	– 2	1¾	¾
Manufacturing output	– ½	– 5	2¼	1¼
Balance of payments current account (£ billion)	– 13	– 6	– 8[3]	4½
Inflation				
Retail prices index (fourth quarter)	10	4	3¾[4]	1½
GDP deflator at market prices (financial year)[2]	7¾	7		¾
Money GDP at market prices (financial year)[2]	7¼	6		1½
£ billion	547	580		
PSBR (financial year)				
£ billion	– ¾	8		5¾
per cent of GDP	– ¼	1¼		1

1 Average absolute errors over the previous ten years.
2 Estimates of money GDP and the GDP deflator for periods before the second quarter of 1990 have been adjusted to remove the discontinuity arising from the abolition of domestic rates.
3 At an annual rate.
4 Q2 on Q2.

Table 8 Gross domestic product and its components

£ billion at 1985 prices, seasonally adjusted

		Consumers' expenditure	General government consumption	Total fixed investment	Change in stocks	Domestic demand	Exports of goods and services	**Total final expenditure**	*Less* imports of goods and services	*Less* adjustment to factor cost	*Plus* statistical adjustment	**GDP at factor cost (average measure)**
1986		231.7	75.2	61.5	0.8	369.1	107.3	476.4	106.0	52.0	− 0.6	317.8
1987		243.5	76.2	67.6	1.2	388.5	113.4	501.9	114.3	55.3	− 0.6	331.7
1988		260.3	76.7	77.1	3.7	417.8	113.7	531.5	128.9	57.6	0.6	345.6
1989		270.3	77.1	80.2	2.2	429.8	118.8	548.6	138.3	59.3	0.5	351.4
1990		272.9	78.4	78.7	− 0.7	429.3	124.5	553.8	140.5	59.8	− 0.2	353.3
1991		268.2	79.6	71.1	− 1.5	417.4	125.7	543.1	138.3	58.3	0.0	346.5
1989	H1	134.7	38.1	40.6	2.2	215.6	58.2	273.7	69.4	29.4	0.3	175.2
	H2	135.6	39.0	39.6	0.1	214.2	60.6	274.9	68.9	29.9	0.2	176.2
1990	H1	137.6	39.4	40.8	− 0.7	217.1	62.8	279.8	71.3	30.3	− 0.1	178.2
	H2	135.3	39.0	37.9	0.0	212.2	61.8	274.0	69.2	29.5	− 0.2	175.2
1991	H1	133.5	39.8	35.6	− 1.1	207.8	62.1	269.9	68.3	29.0	0.0	172.6
	H2	134.7	39.9	35.4	− 0.4	209.6	63.6	273.2	70.0	29.3	0.0	173.9
1992	H1	136.6	40.3	36.1	− 0.3	212.6	65.0	277.6	71.6	29.8	0.0	176.2
		Percentage changes on a year earlier [1]										
1989		3¾	½	4	− ½	3	4½	3¼	7¼	3	0	1¾
1990		1	1¾	− 1¾	− ¾	0	4¾	1	1½	¾	− ¼	½
1991		− 1¾	1½	− 9¾	− ¼	− 2¾	1	− 2	− 1½	− 2½	0	− 2
1992	H1	2¼	1¼	1¼	½	2¼	4¾	2¾	4¾	2¾	0	2

1 For stockbuilding and the statistical adjustment, changes are expressed as a per cent of GDP.

THE EFFECTS OF TAXES AND BENEFITS ON HOUSEHOLD INCOME, 1988

The main points are:

(1) The effect of government expenditure and taxation is to reduce the differences in income amongst households. In 1988 taxes and benefits (including NI pensions) increased the share of total income of the bottom fifth of households from 1.9 per cent of original income to 6.9 per cent of post-tax income (Table C). Cash benefits play the largest part in reducing income differences.

(2) The joint impact of taxes and benefits is greatest for retired households and for those non-retired households containing no economically active people.

(3) Results for the period 1977-1988, reworked using the new methodology, show that the distribution of household income has become more unequal. The bottom quintile group's share of disposable income fell from 9.7 per cent to 7.6 per cent whilst the share of the top fifth of households went up from 36 per cent to 42 per cent (Table N).

Introduction

The aim of this analysis is to examine how the distribution of income amongst households in the UK is modified as a result of Government expenditure and taxation. During 1988 the Government raised and spent £177 billion; most of this revenue was raised, directly or indirectly, from UK households who also benefited, directly or indirectly, from the associated Government expenditure. In this article over half of this expenditure is allocated to households (see Table 1 in Appendix 1). Although greater equality of incomes is not necessarily a primary aim of this process, it is nevertheless one of its consequences. This article is the latest in an annual series published in *Economic Trends* since the early 1960s. Each year the article covers the same main ground but also has a special topic.

Last year (ie 1987 results) we made some fundamental changes to the article after reviewing the methodology of the analysis. The most important change was to introduce equivalisation (ie adjusting income to allow for household size and composition) into the ranking process. The effects of equivalisation formed last year's special topic. A related change was to restrict the ranking process to just one income measure, disposable income - the previous methodology used original income as well as gross income and disposable income for ranking purposes in different tables. Other notable changes were to the definitions of an 'adult', and 'disposable income' (which now has domestic rates deducted). We have re-worked the data for previous years using this new methodology, and the trends in the income distribution over the period 1977-1988 form this year's special topic.

Equivalisation

Equivalisation means adjusting household income to allow for household size and composition.

For example: consider two married couples, both earning £15,000 a year, the Jones with no children and the Smiths with two children (aged 3 and 5). The Jones have an equivalence factor of 1.00 whereas the Smiths have a factor of 1.39 (where the 0.39 accounts for the children). The Smiths have a lower equivalised income at £10,791 (=£15,000/1.39) than the Jones at £15,000 (=£15,000/1.00).

The contents are as follows:

Part I	Detailed description of results for 1988 for all households, and for retired and non-retired households separately.
Part II	Trends in income distribution, 1977-1988: re-worked on the new basis.
Appendix 1	Detailed tables with fine breakdown of income components for quintile and decile groups, and results for different types of household.
Appendix 2	Methodology and definitions.
Appendix 3	Three tables for 1988, ranked using *unadjusted* disposable income.
Appendix 4	Summary of the effects of taxes and benefits, 1977-1988.

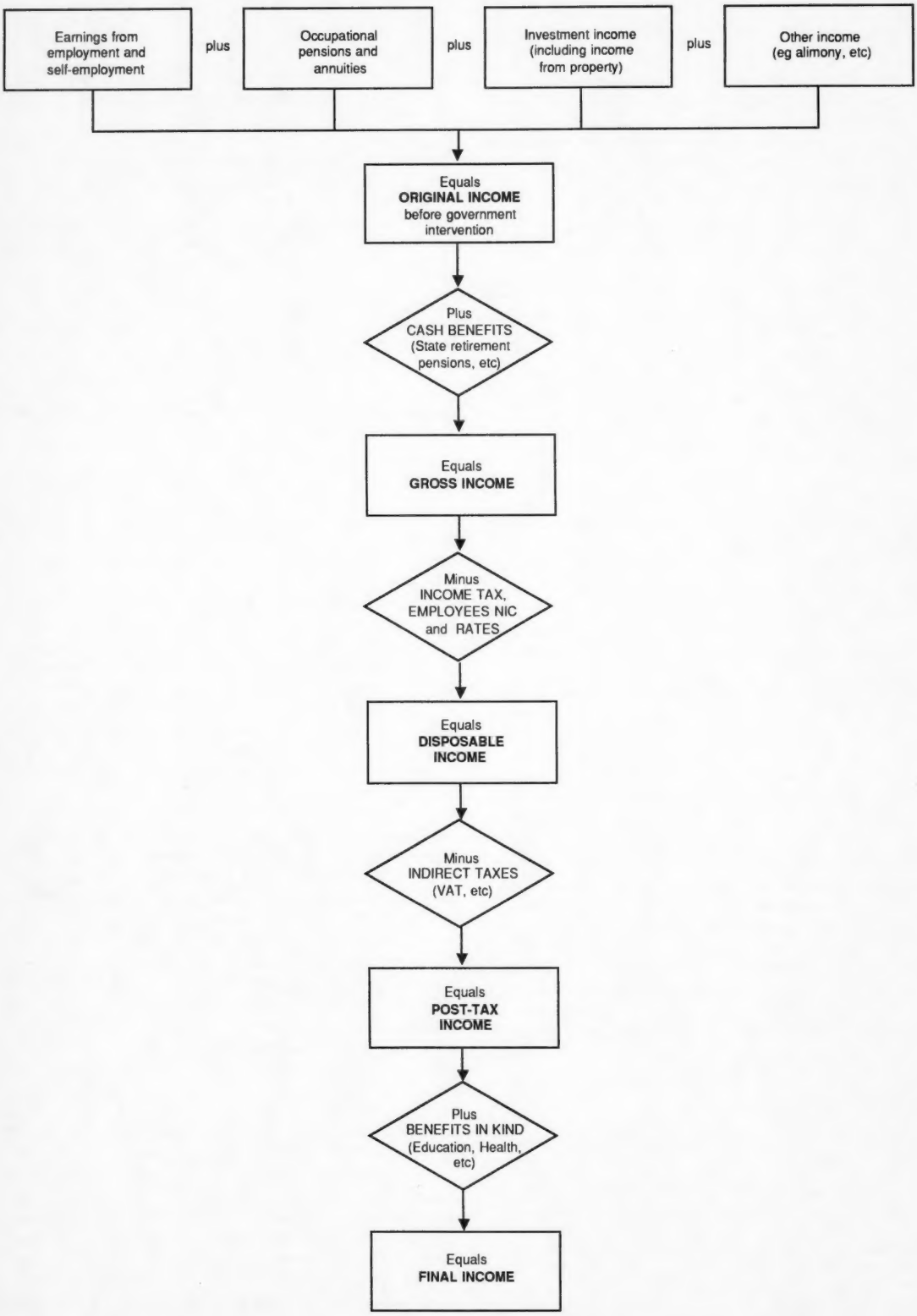
The main data source is the annual Family Expenditure Survey (FES). Since this article is based on a sample survey, its results are subject to sampling errors. These are generally larger for the smaller household groups (further details on sampling errors and reliability are given in Appendix 2). The unit of analysis is the household, rather than the person or tax unit. This analysis gives a snapshot of different households at various stages in their lifecycles; it reflects the fact that most people have less income when elderly than at their peak earning age. The monetary values in the tables in the main body of the article are rounded to the nearest £10. The tables generally show actual annual incomes and taxes (ie unadjusted or un-equivalised), but some of the appendix tables also give equivalised disposable income values (shown in *italics*) as well. Because not everybody wants to use a distribution ranked by equivalised income, we have also shown three tables ranked by unadjusted disposable income in Appendix 3.

The figures in each year's article are free standing and are not intended to be used as part of a time series with figures from earlier articles. However, Gini coefficients and shares of income are relatively robust and can be used to gauge the trend of income distribution. The philosophy underlying these articles is to use a given year's FES to produce the most meaningful figures for that year (on the basis of the definitions current for the FES at the time), rather than aim to produce figures on exactly the same basis from one year to the next. The FES changes slightly each year, and no special effort has been made in the past to ensure a fully-consistent time series. The major changes to the methodology last year mean that the 1987 figures are completely incompatible with those already published for earlier years.

As a special exercise, this year, we have re-worked the data for the earlier years (1977-1986) using the new methodology of equivalisation, definition of adult etc. The results are presented in Part II of the main article (and in Appendix 4 for certain summary tables). *Readers should note that even the re-worked series is not a fully-consistent time series* - this cannot be produced because of changes in the FES and gradual improvements to our methodology over the years. The FES changes slightly each year, and these changes can make one year slightly inconsistent with previous years:

CHART 1

Stages of redistribution


Earnings from employment and self-employment
plus
Occupational pensions and annuities
plus
Investment income (including income from property)
plus
Other income (eg alimony, etc)
Equals ORIGINAL INCOME before government intervention
Plus CASH BENEFITS (State retirement pensions, etc)
Equals GROSS INCOME
Minus INCOME TAX, EMPLOYEES NIC and RATES
Equals DISPOSABLE INCOME
Minus INDIRECT TAXES (VAT, etc)
Equals POST-TAX INCOME
Plus BENEFITS IN KIND (Education, Health, etc)
Equals FINAL INCOME

for example in 1988 questions were introduced for retrospective recall of certain large expenditure items (eg furniture) which gave better quality data than the usual fortnightly diary recording, but which introduced an unbridgeable dis-continuity with previous years' figures.

Over the years many improvements have been made to the analysis behind the figures in this article; for example in estimating mortgage interest payments when the FES respondent can only give the last payment (which includes interest and capital in unknown proportions). In many cases, however, it is not practicable to re-work earlier years' results to incorporate improvements in methodology because of prohibitive cost or changes in the FES.

Summary of methodology and sources

Chart 1 illustrates the stages of redistribution which form the structure of this analysis. Initially, household members receive income from their employment (wages and salaries, self-employment income); from occupational pensions; from their investments and from other households (eg alimony payments). Total income from these sources constitutes original income. The flow chart shows the various ways in which Government then raises revenue from households and distributes benefits to them both in cash and in kind.

The main source of data for this analysis is the Family Expenditure Survey (FES) 1988. This is a continuous household survey which collects information on the income, expenditure and direct tax payments of each household member aged 16 years and over, and on household composition and other characteristics such as tenure. In 1988 some 7,300 households participated in the UK - about 1 in every 3,000 households. The response rate was 71 per cent in Great Britain: the FES in Northern Ireland is a separate exercise to the rest of UK, with a much larger sampling fraction, and only a proportion of these cases go into the UK analysis. Studies have indicated that the FES suffers from some non-response bias, for example through under-representation at the very top of the income distribution, the elderly and the self-employed. However, in general, comparisons of survey results over successive years justify confidence in their general reliability, and examination of the characteristics and expenditure and income patterns of various groups of households shows a high degree of internal consistency. The data presented in this article have not been reweighted to take account of non-response bias, with the exception of some indirect taxes (see below).

The data on household income, cash benefits, income tax, National Insurance contributions and domestic rates are used directly from the FES. In contrast, the figures for indirect taxes (eg VAT, duty on beer) and benefits in kind (eg from state education) are calculated using an imputation process - which uses FES data, for example on households' expenditure and characteristics. This imputation process is carried out within the framework of the National Accounts aggregates, and involves many assumptions (for example on incidence and grossing up for non-response on alcohol expenditure). Some of these assumptions are doubtful, and hence the results of this part of the analysis are subject to a wide margin of error. Tables 1 and 2 in Appendix 1 give government expenditure and its financing for 1988, derived from the National Accounts. Appendix 2 gives more detail on the methodology.

PART I

RESULTS FOR ALL HOUSEHOLDS

The level of original income varies widely between households. Table A shows this and other income measures for quintile groups ranked by equivalised disposable income (the lowest quintile group contains the 20 per cent of households with the lowest equivalised

Summary of the effects of taxes and benefits, 1988

TABLE A

	Quintile groups of households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)[1]						
Original income	1 210	4 440	10 750	16 260	29 170	12 360
plus cash benefits	3 210	2 800	1 760	1 080	720	1 910
Gross income	4 430	7 240	12 500	17 340	29 880	14 280
less direct taxes[2] & employees' NIC	670	1 220	2 450	3 790	6 690	2 960
Disposable income	3 760	6 020	10 050	13 540	23 190	11 310
less indirect taxes	1 080	1 470	2 410	2 900	3 710	2 320
Post-tax income	2 680	4 540	7 650	10 640	19 480	9 000
plus benefits in kind	2 120	2 020	2 060	1 720	1 220	1 830
Final income	4 800	6 570	9 700	12 360	20 700	10 830
Average per household (number)						
Children[3]	0.6	0.6	0.8	0.6	0.4	0.6
Adults	1.6	1.7	2.1	2.1	2.0	1.9
Persons	2.2	2.3	2.9	2.7	2.4	2.5
People in full-time education	0.5	0.5	0.6	0.5	0.3	0.5
Economically active people	0.3	0.7	1.4	1.7	1.7	1.2
Retired people	0.7	0.7	0.4	0.2	0.1	0.4

1 All the tables in Part I of this article show unequivalised income: equivalised income has only been used in the ranking process to produce the quintile groups (and to produce the percentage shares and Gini coefficients).
2 These are income tax (which is after tax relief at source on mortgage interest and life assurance premiums) and gross domestic rates.
3 Children are defined as persons aged under 16 or aged between 16 and 18, unmarried and receiving non-advanced further education.

The composition of each quintile group of households, 1988

TABLE B

	Quintile group of households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Percentages						
Household type						
Retired	51	45	19	9	6	26
Non-retired						
1 adult	10	7	7	14	18	11
2 adults	7	12	18	27	41	21
1 adult with children[1]	10	5	3	2	-	4
2 adults with children	16	21	34	29	20	24
3 or more adults[2]	5	10	19	20	15	14
Total	100	100	100	100	100	100

1 This group is smaller than the category of "one parent families" because some of these families will be contained in larger household types.
2 With or without children

disposable incomes). In the lowest quintile group the average number of economically active people is 0.3 and hence the average original income is low (£1,210 per annum). In the highest quintile group, there are an average of 1.7 economically active people and average original income is £29,170. In the lowest quintile group, half of the households are retired (Table B) - defined as households where at least half the total gross income comes from retired people - and the majority of these have virtually no original income since the state retirement pension (including any graduated or additional pension) is a cash benefit.

Chart 2 illustrates the declining importance of cash benefits in gross income as income rises.

Chart 3 shows how the dispersion of incomes is reduced at each stage of the tax-benefit system, so that the average final income for each quintile group ranges from £4,800 to £20,700, a ratio of about 1:4 compared with the ratio for original incomes of about 1:25.

An alternative way to illustrate the extent of income redistribution is to examine how income shares are modified by the tax-benefit system (Table C). For example, households in the highest quintile group (when ranked by equivalised disposable income) receive 50 per cent of all original income. After taking into account cash benefits, this same group's share falls to 43 per cent. At the other end of the scale, the share of the lowest quintile group rises from 1.9 per cent to 7.1 per cent. A further, but comparatively smaller, compression of the income distribution occurs at the stage of disposable income, but this is reversed after indirect taxes are taken into account. This table is calculated using equivalised incomes, and hence 'final income' has not been included. The McClements equivalence scales, which were estimated using household spending patterns, are arguably inappropriate for equivalising non-spendable amounts of income eg benefits from education. Estimates for quintile shares may be subject to relatively large sampling errors and comparisons should therefore be made with caution (see Appendix 2).

The Gini coefficient is the most widely used summary measure of the inequality of the distribution of income (see paragraph 37 of Appendix 2). It takes values between 0 and 100 per cent - the higher values indicating greater inequality. In this article, Gini coefficients are now calculated using equivalised incomes (using the same equivalence scale that is applied to equivalise disposable income). The fall from 51 per cent to 37 per cent shown in Table C shows that cash benefits contribute the most to the reduction in income inequality.

CHART 2

Sources of gross income, by quintile groups of equivalised disposable income, 1988

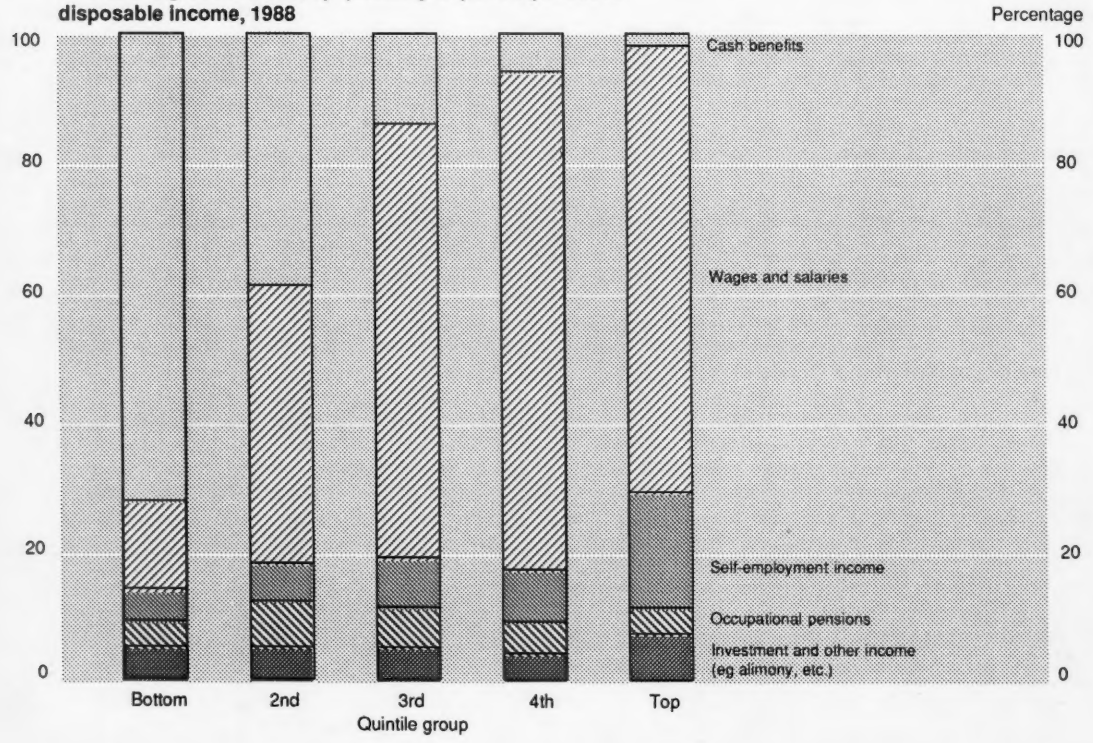
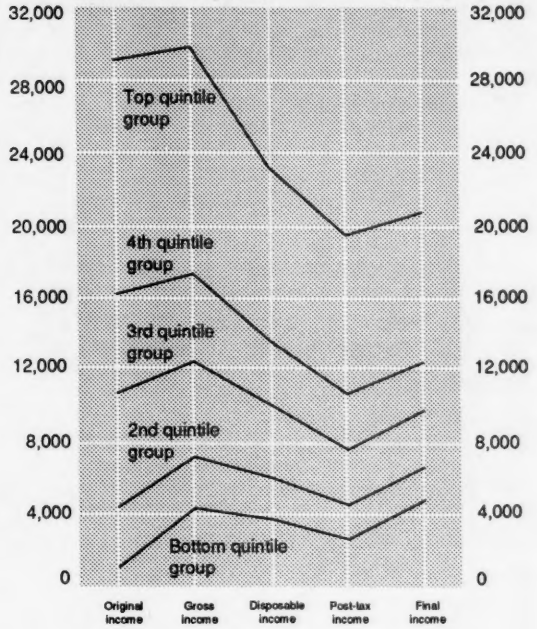


CHART 3

The effects of taxes and benefits on quintile groups[1] of households, 1988



1. Households are ranked throughout by their equivalised disposable incomes

Percentage shares of total household income and Gini coefficients[(1)], 1988

TABLE C

	Percentage shares of total equivalised income for households ranked by equivalised disposable income			
	Original income	Gross income	Disposable income	Post-tax income
Quintile group				
Bottom ..	1.9	7.1	7.6	6.9
2nd	7	11	11	11
3rd	16	16	16	16
4th	25	23	23	22
Top	50	43	42	44
All households	100	100	100	100
Decile group				
Bottom ..	0.8	3.1	3.2	2.7
Top	32	27	27	29
Gini coefficient (percent) ..	51	37	35	39

1 This is a measure of the dispersion of each definition of income. Unlike the percentage shares analysis where the household incomes are ranked only once, the Gini coefficient calculation needs a separate ranking for each income definition. For example the coefficient for original income is produced by first equivalising the original income of all the households, then this distribution is ranked and this ranked distribution is used to calculate the coefficient.

Attention has already been drawn to the preponderance of retired households in the lower ranges of the distribution of original income; nearly half of the households in the bottom two quintile groups are retired (Table B). The income pattern of the retired is very different from that of households whose head is of working age, as is their expenditure pattern (which is reflected in their indirect tax payments). For this reason in the detailed examination of each stage of the tax-benefit system which follows, retired and non-retired households are analysed separately.

Summary of the effects of taxes and benefits on NON-RETIRED households, 1988

TABLE D

	Quintile groups of NON-RETIRED households ranked by equivalised disposable income					All non-retired house-holds
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
Original income	3 120	9 810	14 380	18 960	32 000	15 650
plus cash benefits	2 970	1 710	1 140	680	550	1 410
Gross income	6 090	11 520	15 510	19 640	32 550	17 060
less direct taxes[(1)] and employees' NIC	1 030	2 190	3 290	4 380	7 240	3 630
Disposable income	5 060	9 330	12 230	15 260	25 310	13 440
less indirect taxes	1 550	2 350	2 810	3 220	3 850	2 760
Post-tax income	3 510	6 980	9 420	12 040	21 450	10 680
plus benefits in kind	2 650	2 440	2 020	1 560	1 170	1 970
Final income	6 170	9 420	11 440	13 600	22 620	12 650
Average per household (number)						
Children[(2)]	1.2	1.1	0.8	0.6	0.4	0.8
Adults	1.8	2.2	2.2	2.1	2.0	2.1
Persons	3.0	3.2	3.1	2.7	2.4	2.9
People in full-time education ..	1.0	0.9	0.7	0.5	0.3	0.7
Economically active people ..	0.7	1.5	1.8	1.9	1.8	1.6
Retired people	0.1	0.1	0.1	0.1	0.1	0.1

1 These are income tax (which is after tax relief at source on mortgage interest and life assurance premiums) and gross domestic rates.
2 Children are defined as persons aged under 16 or aged between 16 and 18, unmarried and receiving non-advanced further education.

RESULTS FOR NON-RETIRED HOUSEHOLDS

Original income

The distribution of original income amongst non-retired households is more equal than among all households, ranging from an average of £3,120 per annum in the lowest quintile group to £32,000 in the highest (Table D), a ratio of 1:10 compared to the ratio of 1:25 for the distribution over all households. There is a relatively strong relationship between the original income of a household and the number of economically active people it contains and Table K (at the end of this section) gives a breakdown by the number of economically active people per household. There is also a strong relationship between the number of children per household and household income: the number of children falls steadily as income rises.

Average value of cash benefits for each quintile group of NON-RETIRED households, 1988

TABLE E

	Quintile group of NON-RETIRED households ranked by equivalised disposable income					All non retired households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ a year)						
Contributory						
Retirement pension ..	130	300	220	150	140	190
Sickness/ injury related ..	280	220	120	100	80	160
Unemployment benefit ..	130	80	60	20	20	60
Other	70	70	70	60	30	60
Total contributory	610	670	480	340	270	470
Non-contributory						
Income support, etc ..	1 010	220	100	30	20	280
Child benefit	460	400	320	220	160	310
Housing benefit	560	130	50	10	10	150
Sickness/ disablement related	130	160	90	30	50	90
Other	200	130	90	50	40	100
Total non-contributory ..	2 360	1 050	660	350	280	940
Total cash benefits	2 970	1 710	1 140	680	550	1 410
Cash benefits as a percentage of gross income	49	15	10	3	2	8

Cash benefits

Cash benefits are of two types: contributory, paid from the National Insurance Fund to which individuals and their employers make contributions while working, and non-contributory (Table E). For non-retired households, non-contributory benefits form the most important source of cash benefit income. An important item, child benefit, is concentrated towards the bottom of the income distribution, in proportion to the number of children per household (Table D). The other non-contributory benefits are mainly income-related, in particular Income Support (formerly Supplementary Benefit) and so payments are concentrated in the lowest quintile group, although the presence of some individuals with low incomes in high income households means that some payments are recorded further up the income distribution. Most contributory benefits, for which contribution records rather than income are the criteria for payment, are highest for the second quintile group. On average, cash benefits formed some 10 per cent of the gross income of non-retired households: their payment resulted in a significant reduction in income inequality.

Income tax, NI Contributions and domestic rates

Both income tax payments and employees' National Insurance contributions are closely related to the size of original income. The payments by households of employees' National Insurance contributions in particular vary with the number of persons in employment and with their earnings. However, since National Insurance contributions are only levied on the first £305 of weekly earnings (the ceiling in operation during most of 1988), households in the top quintile group pay rather less in contributions as a percentage of gross income than the middle 60 per cent of households (Table F).

Income tax, employees' NIC and domestic rates as percentages of gross income for each quintile group of NON-RETIRED households, 1988

TABLE F

	Quintile groups of NON-RETIRED households ranked by equivalised disposable income					All non-retired households
	Bottom	2nd	3rd	4th	Top	
Percentages						
Income tax[1]	6.3	9.4	11.9	13.6	16.1	13.2
Employees' NIC	2.8	5.2	5.8	5.8	4.0	4.8
Gross domestic rates	7.7	4.4	3.5	2.9	2.2	3.3
Total	16.9	19.0	21.2	22.3	22.2	21.3

1 After tax relief at source on mortgage interest and life assurance premiums.

In 1988 over one-third of working age individuals had insufficient income to pay income tax, and marginal tax rates for taxpayers ranged from 25 per cent to 40 per cent. The analysis of households when ranked by equivalised disposable income shows average rates were 6.3 per cent in the lowest quintile, rising steadily to 16.1 in the top quintile. This pattern arises chiefly because the quintile groups are based on (after-tax) equivalised disposable income, which means that even the lowest quintile is shown as paying some income tax. Additional reasons are the grouping together of sizeable and diverse populations of individuals into quintile groups of households, and the expression of tax as a proportion of gross (rather than taxable) income.

Domestic rates, which were an indirect tax, are included here with income tax and NICs on the grounds that this will be the appropriate treatment for the community charge in future articles. Rate rebates, (treated as a cash benefit), were an integral part of the domestic rates regime, designed to attenuate the regressive impact of rates at the lower end of the income distribution. The treatment of rates in Table F is thus unusual, and overstates their regressive impact.

Indirect taxes

In total, indirect taxes expressed as a proportion of disposable income fall as disposable income rises (Table G), ranging from 30 per cent in the bottom quintile group to 15 per cent in the highest, though the highest quintile pay most in indirect taxes in absolute terms. However, individual taxes have different effects.

Indirect taxes as a percentage of disposable income for each quintile group of NON-RETIRED households, 1988

TABLE G

Percentages	Quintile groups of NON-RETIRED households ranked by equivalised disposable income					All non-retired households
	Bottom	2nd	3rd	4th	Top	
VAT	10.3	9.1	8.7	8.4	6.6	8.6
Duty on beer and cider	1.2	1.1	1.2	0.9	0.5	1.0
Duty on wines and spirits	0.9	0.8	0.8	0.9	0.8	0.8
Duty on tobacco	5.4	3.1	2.3	1.7	0.7	2.6
Duty on hydrocarbon oils	1.9	2.0	1.9	1.8	1.1	1.7
Car tax and vehicle excise duty	1.2	1.3	1.2	1.2	0.8	1.1
Other taxes on final goods and services	1.2	1.9	1.6	1.4	1.0	1.4
Intermediate taxes	7.4	5.9	5.3	4.9	3.9	5.5
Total indirect taxes[1]	29.5	25.2	23.0	21.1	15.2	22.8

1 The corresponding figures using total expenditure as the denominator are : 22.1, 22.3, 22.7, 22.5, 20.3 (top group) and 21.8 per cent.

VAT, tobacco duty, beer duty and intermediate taxes (see box below) all fall as a percentage of disposable income as income rises. The fall in tobacco duty payments as a percentage of income is particularly marked. For expenditure items relating to motoring (ie car tax and duty on hydrocarbon oils), the tax as a proportion of income is similar for the bottom four quintile groups but much lower for the top group.

INTERMEDIATE TAXES

Some indirect taxes, such as VAT and excise duties on petrol, alcohol, tobacco, etc have a direct effect on the final price of goods and services. However, the producers of these goods and services also incur costs such as employers' National Insurance contributions, non-domestic rates, and duty on hydrocarbon oils, part of which they may pass on to households in the price of their products. These are called intermediate taxes.

The incidence assumptions used for these taxes are more difficult and contentious than those used for other taxes, so the figures must be regarded as very rough estimates.

Although some indirect taxes are less regressive than others, Table G shows that the impact of virtually all the indirect taxes declines for the top quintile group compared with the fourth quintile group. This is so partly because higher income households tend to spend a smaller proportion of their income than households with smaller incomes. If the incidence of indirect taxes were to be expressed in terms of expenditure rather than income, they can be shown to be much less regressive.

Benefits in kind

Government current expenditure in providing certain goods and services to households either free at the time of use or at subsidised prices is converted by imputation into the equivalent of an income flow to individual households in order to arrive at final income. The largest two items for which such imputations are made are the health and education services, which together accounted for 23.7 per cent of total general government expenditure in 1988. Other items for which imputations are made are school meals and welfare milk, the housing subsidy and travel subsidies, together accounting for a further 1.8 per cent of general government expenditure.

Education benefit to individual households is imputed by reference to the number of pupils and students in the state sector in the households (students living away from home are not included as part of their parents' household), and to the type of education they are receiving, though no allowance is made for differing costs between local authorities. No benefit is allocated for pupils at private schools. The bottom quintile group contains the highest number of children and consequently the highest number of those in full-time education (Table D). This is the main reason for this quintile group being allocated the highest average imputed benefit (Table H). Another important factor is the presence of the majority of student-only households, for whom the costs of education are greatest. Similarly the impact of expenditure on school meals and welfare milk is greatest in the lower income groups where children are more likely to take school meals and have them provided free of charge.

Data are available on the average cost to the Exchequer of providing the various types of health care - hospital inpatient/outpatient care, GP consultations, dental services etc - and it is possible to estimate the use made of each service on average by individuals of different ages and sex. Using this information, an imputed benefit from the state health service can be allocated to each individual in the FES sample; no allowance is made for the use of private health care services. These benefits are then aggregated for members of the household to yield figures on a household basis, so that not only the sex and age composition but also the size of the household determines the attribution of health service benefits.

Age and sex are by no means the only possible determinants on which to base the allocation, but age is certainly a very important factor. Data availability also limits the choice of determinants - the FES collects little information on health or use of health services. Table H indicates that these benefits decline steadily with income.

Housing subsidy is the sum of Exchequer subsidy and local authority determined rate fund contributions to the housing revenue account. Thus housing subsidy as defined here has been spread between public sector tenants, and since such households tend to be concentrated in the lower half of the income distribution this is where the subsidy is highest. In these articles, tax relief on mortgage interest is treated as an adjustment to income tax, not as part of the housing subsidy analysed in Table H.

Average value of benefits in kind for each quintile group of NON-RETIRED households, 1988

TABLE H

	Quintile groups of NON-RETIRED households ranked by equivalised disposable income					All non-retired households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ a year)						
Education	1 530	1 380	1 020	740	400	1 010
National health service	870	940	890	730	680	820
Housing subsidy[1] ..	120	60	40	20	10	50
Travel subsidies ..	30	40	50	50	70	50
School meals and welfare milk	100	30	20	10	10	30
Total	2 650	2 440	2 020	1 560	1 170	1 970
Benefits in kind as a percentage of post-tax income	75	35	21	13	5	18

1 Does not include tax relief at source on mortgage payments. These are taken into account in the income tax payments shown in Table F.

Travel subsidies cover the passenger element of the grants made to various public operations covering both buses and railways. The use of public transport by non-retired households is partly related to the need to travel to work and thus to the number of economically active people in a household and so the combined effect of these travel subsidies increases over the income distribution.

Table H shows that taken together the absolute values of these benefits in kind clearly decline as household income increases. As a proportion of post-tax income, benefits decrease from 75 per cent in the lowest quintile group to 5 per cent in the highest quintile group, indicating that this expenditure contributes to the reduction in income inequality.

Summary

The overall effect of the various stages of the tax-benefits system on non-retired households is summarised in Table J. Households in the highest quintile group (when ranked by equivalised disposable income) receive 44 per cent of all (equivalised) original income, compared with 3.5 per cent received by the lowest quintile group. However, after direct taxes and benefits are taken into account, the share of the lowest quintile group rises to 7.4 per cent and that of the highest falls to 41 per cent. Cash benefits are the major factor underlying these changes, causing the Gini coefficient to fall from 42 per cent based on original income to 35 per cent based on gross income. Income tax, employees' National Insurance contributions and rates produced a further reduction in inequality, but payment of indirect taxes increases inequality.

Percentage shares of total household income and Gini coefficients[1] for NON-RETIRED households, 1988

TABLE J

	Percentage shares of total equivalised income for NON-RETIRED households ranked by equivalised disposable income			
	Original income	Gross income	Disposable income	Post-tax income
Quintile group				
Bottom ..	3.5	7.0	7.4	6.5
2nd.. ..	11	12	13	12
3rd	17	17	17	16
4th	24	23	22	22
Top.. ..	44	41	41	43
All non-retired households	100	100	100	100
Decile group				
Bottom ..	0.9	2.8	3.0	2.4
Top.. ..	28	26	26	28
Gini coefficient (percent) ..	42	35	33	38

1 This is a measure of the dispersion of each definition of income. Unlike the percentage shares analysis where the household incomes are ranked only once, the Gini coefficient calculation needs a separate ranking for each income definition. For example, the coefficient for original income is produced by first equivalising the original income of all the households, then this distribution is ranked and this ranked distribution is used to calculate the coefficient.

Economic activity

As already mentioned, the size of original income is largely determined by the number of economically active people in the household - even though someone may be defined as economically active if they have been out of work for up to a year as long as they are seeking work. This relationship between income and economic activity amongst non-retired households is explored further in Table K, in which households are classified according to the number of economically active people they contain.

Original income ranges from an average of £1,070 per annum in households where there are no economically active people to an average of £24,950 for households where there are three or more. Cash benefits are concentrated in households where no-one is economically active and here they form 79 per cent of gross income; but they remain important, at 10 per cent of gross income, for those where one household member is economically active. This latter group will contain a number of households where no-one is currently in work.

Not only does average original income differ widely between the four household groups in Table K, but there is also a considerable difference in the degree of variation of income within the groups. As measured by the Gini coefficient, variability in original income is very high amongst households where no-one is economically active but where two or more persons are economically active the variability is considerably less. Equally, the tax-benefit system has the effect of substantially reducing inequality between the different types of households within the economically inactive group. This results largely from the diverse nature of the economically inactive group, which ranges from single parents with young children, single full-time students, the disabled, and households where no member has been able to find work during the 12 months prior to interview, to a small number of households where income from other sources such as investments means that they have no need to work.

Average incomes, taxes and benefits by the number of economically active people per NON-RETIRED household, 1988

TABLE K

	Number of economically active people[1] per household				All non-retired households
	None	One	Two	Three or more	
Number of households in the sample	*606*	*1 948*	*2 233*	*594*	*5 381*
Average per household (£ per year)					
Original income	1 070	12 150	20 190	24 950	15 650
plus cash benefits	4 130	1 410	810	910	1 410
Gross income	5 190	13 560	21 000	25 870	17 060
less direct taxes[2] & employees' NIC	490	2 950	4 580	5 450	3 630
Disposable income	4 700	10 610	16 420	20 420	13 440
less indirect taxes	1 210	2 220	3 200	4 400	2 760
Post-tax income	3 490	8 390	13 210	16 010	10 680
plus benefits in kind	2 580	1 730	1 910	2 340	1 970
Final income	6 070	10 120	15 130	18 360	12 650
Gini coefficients (percent)					
Equivalised original income	*87*	*41*	*33*	*23*	*42*
Equivalised gross income	*23*	*35*	*31*	*22*	*35*
Equivalised disposable income	*23*	*33*	*30*	*21*	*33*
Equivalised post-tax income	*30*	*38*	*34*	*25*	*38*

1 Economically active people comprise employees, the self employed and others not in employment but who are seeking or intending, when able, to seek work.
2 These are income tax (which is after tax relief at source on mortgage interest and life assurance premiums) and gross domestic rates.

RESULTS FOR RETIRED HOUSEHOLDS

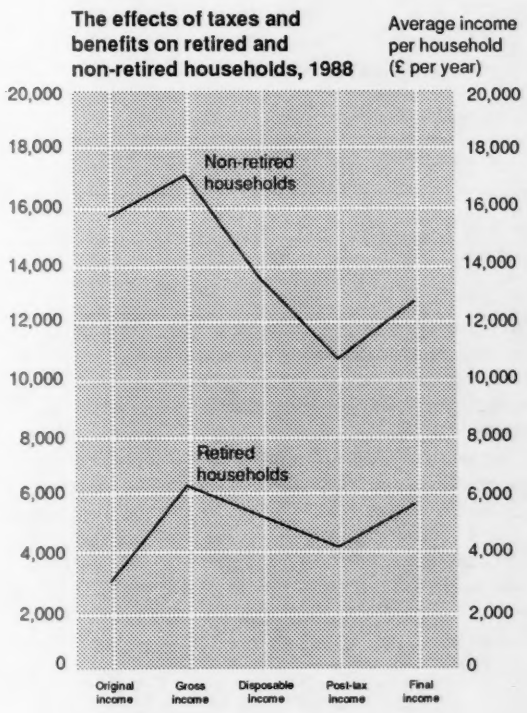
Retired households have quite distinct income and expenditure patterns and so the tax-benefit system affects them in a different way from non-retired households (Table L). Few retired households have substantial original income; those who do are concentrated in the top two quintile groups and are receiving occupational pensions. The majority of retired households are dependent on cash benefits, in the form of state retirement pensions and income-related benefits such as Housing Benefits and Income Support to pensioners.

Cash benefits form a very high proportion of gross income for all but the better-off retired households. However, unlike non-retired households, the bulk of these cash benefits are paid from the National Insurance Fund into which the recipients will have made contributions throughout their working lives.

People over pensionable age do not pay National Insurance contributions so the small payments recorded are made by non-retired people living in households defined as retired (see Appendix 2 paragraph 7 for details of definition). All households except those in the highest quintile group of retired households pay very little income tax, because their income is unlikely to exceed their tax allowances unless they have significant income from investments or occupational pensions in addition to their state retirement pension. The largest indirect tax payment made by retired households is VAT, and the top quintile group pays more than twice as much as the average for all retired households.

CHART 4

The effects of taxes and benefits on retired and non-retired households, 1988



Effects of taxes and benefits on RETIRED households, 1988

TABLE L

	Quintile groups of RETIRED households ranked by equivalised disposable income					All retired households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
Original income	440	620	830	2 700	10 270	2 970
plus cash benefits						
Contributory						
Retirement pension	2 480	2 800	2 460	2 630	2 670	2 610
Sickness/ injury related	50	60	60	140	200	100
Unemployment benefit	10	10	-	-	20	10
Other	20	20	30	50	30	30
Non-contributory						
Income support/ Supplementary benefit	110	80	90	90	40	80
Child benefit	10	-	-	-	-	-
Housing benefit	160	480	660	330	40	340
Sickness/ disablement related	-	60	100	250	240	130
Other	20	40	50	40	60	40
Gross income	3 300	4 170	4 310	6 230	13 580	6 320
less income tax[1]	100	40	90	370	2 130	550
less employees' NIC	-	-	-	10	30	10
less domestic rates(gross)	480	440	450	500	680	510
Disposable income	2 710	3 680	3 770	5 350	10 740	5 250
less indirect taxes						
VAT	250	240	210	410	800	380
Tobacco duty	50	100	80	100	70	80
Other taxes on final goods & services	200	210	180	320	590	300
Intermediate taxes	230	220	210	310	530	300
Post-tax income	1 990	2 920	3 080	4 200	8 750	4 190
plus benefits in kind						
Education	20	-	10	-	40	10
National health service	1 430	1 330	1 230	1 220	1 200	1 280
Housing subsidy[2]	40	110	140	90	20	80
Travel subsidies	50	60	50	50	60	60
Final income	3 530	4 410	4 510	5 570	10 080	5 620

1 After tax relief at source on mortgage interest and life assurance premiums.
2 Does not include tax relief at source on mortgage payments, which is included in the income tax payments shown above.

Retired households derive significant benefits from health services and, to a lesser extent, the housing subsidy and travel subsidies, though of course virtually none from the education service. Health benefit is spread fairly evenly within the group of retired households, as a result primarily of the attribution method used, but housing subsidy is substantially higher for the middle three quintile groups since they have the highest concentration of public sector tenants. The benefits received by retired households from travel subsidies are mainly for bus travel, particularly in the form of concessionary fares, passes, etc, for senior citizens, and since these are not usually means-tested but depend instead on what sort of scheme is being operated by their local authority, there is no particular relationship with income.

Table M shows the extent to which income inequality amongst retired households is reduced by the tax-benefit system. Cash benefits play by far the largest part in bringing about this reduction and income tax payments make a further, though much smaller, contribution. Payments of indirect taxes result in an increase in dispersion.

A comparison of Table M with Table J shows that although the distribution of original income amongst retired households is much more unequal than that within the non-retired household group, the distribution of post-tax income is more equal amongst the retired than amongst the non-retired. Chart 4 illustrates the different impact which the tax-benefits system has on retired and non-retired households.

Percentage shares of total household income and Gini coefficients[1] for RETIRED households, 1988

TABLE M

	Percentage shares of total equivalised income for RETIRED households ranked by equivalised disposable income			
	Original income	Gross income	Disposable income	Post-tax income
Quintile group				
Bottom	3.2	11.1	10.8	9.9
2nd	4	13	14	14
3rd	6	15	16	17
4th	19	20	20	20
Top	68	40	39	39
All households	100	100	100	100
Decile group				
Bottom	1.3	5.1	4.8	4.2
Top	48	26	25	26
Gini coefficient (percent) ..	69	29	27	30

1 This is a measure of the dispersion of each definition of income. Unlike the percentage shares analysis where the household incomes are ranked only once, the Gini coefficient calculation needs a separate ranking for each income definition. For example, the coefficient for original income is produced by first equivalising the original income of all the households, then this distribution is ranked and this ranked distribution is used to calculate the coefficient.

PART II

TRENDS IN INCOME DISTRIBUTION, 1977-1988: RE-WORKED ON THE NEW BASIS

This part of the article examines the changes which have taken place between 1977 and 1988 in the impact of taxes and benefits on household incomes; the pre-1987 data have been re-worked using the new methodology of equivalisation etc. However, as we noted in the Introduction, even the re-worked series is not a fully-consistent time series - though it is sufficiently consistent to shed light on broad trends in income distribution. The main conclusion is that the distribution of household income has become more unequal over the 11 years. The bottom quintile group's share of total disposable income fell over the period from 9.7 to 7.6 per cent, whilst the share of the top quintile group rose from 36 to 42 per cent (Table N).

As the percentage shares of income of quintile groups are subject to sampling errors they are given only to the nearest integer. However, because the percentage shares for the bottom quintile groups are small these are given to the nearest tenth of one per cent. This should not be taken to indicate that the figures for the bottom quintile groups can be estimated more accurately than for other quintile groups. A full discussion of the margin of error of the estimates is given in Appendix 2. The scale of the errors can be seen in Tables 1 and 2 of that appendix.

Cash benefits have had the most important role to play in reducing income dispersion, and they increased in importance over the period.

In 1977 the bottom quintile group of households accounted for 3.6 per cent of total original income (Table N), and by 1988 this share of total income had fallen to 1.9 per cent. The original income of the top quintile group grew much faster than that of the other quintile groups, so that its share of total original income rose from 43 to 50 per cent, whilst the shares for the other quintile groups have declined. The story is similar for all the four measures of income shown in Table N but original income shows the strongest trend. The Gini coefficients shown in Table O give a summary of the distribution of income, and they also show increasing income inequality. The coefficients increased (signifying a more unequal distribution of income) for all four measures of income, but here the one for post-tax income went up the most.

Over the period 1977 to 1988 there has been a shift in the balance of personal taxation from income to expenditure, particularly for the lower income groups, and this is reflected in Table P. Income tax, National Insurance and rates fell from 23 per cent of gross income in 1977 to 21 per cent in 1988, averaged over all households. The largest change was between 1977 and 1979, when there was a cut in the rate of income tax and real increases in personal allowances. Indirect taxes rose as a percentage of disposable income for the lowest four quintile groups, with the bottom group showing the most marked rise. The main shift occurred between 1979 and 1981, reflecting the rise in the VAT rate in 1979. But changes in indirect payments in relation to income between 1977 and 1988 also reflect changes in saving behaviour and in the pattern of expenditure, particularly for the top quintile, as well as changes in tax rates.

Table P also shows the increasing importance of cash benefits to households in the lowest two quintile groups: cash benefits as a percentage of gross income rose from 58 to 73 per cent for the bottom quintile group, and from 27 to 39 per cent for the second quintile.

Composition and housing tenure type of the top and bottom quintile groups

This short section looks at he changes in composition and housing tenure that have taken place in the top and bottom quintile groups over the period 1977-1988. The composition (ie household type) of the top and bottom quintile groups has changed only slightly (Table Q), with the retired households continuing to dominate the bottom quintile group and '2 adult non-retired' households being the largest type in the top quintile.

The tenure type has shown more change over the period (Table R), with the proportion of owner-occupiers in the top quintile group rising from 71 to 91 per cent of the group whilst the proportion of public sector renters fell from 17 to 4 per cent. In the bottom quintile group, there were increases in owner-occupation (from 38 to 41 per cent) and public-sector renting (from 44 to 49 per cent) at the expense of private-sector renting which fell from 17 to 8 per cent. Table R also gives the average number of people per household: the bottom quintile group has consistently less adults (around 1.7 per household) than the top quintile group (around 2.1 per household).

Percentage shares of original, gross, disposable and post-tax income by quintile groups of households[1], 1977-1988

TABLE N

	1977	1979	1981	1983	1985	1987	1988
Equivalised original income							
Quintile group							
Bottom	3.6	2.4	2.9	3.0	2.5	2.1	1.9
2nd	10	10	9	8	7	7	7
3rd	18	18	17	17	17	16	16
4th	26	27	26	26	27	25	25
Top	43	43	46	47	47	50	50
All households	100	100	100	100	100	100	100
Equivalised gross income							
Quintile group							
Bottom	8.9	8.5	8.4	8.5	8.3	7.5	7.1
2nd	13	13	12	12	12	11	11
3rd	18	18	17	17	17	16	16
4th	24	24	23	23	24	23	23
Top	37	37	39	39	40	43	43
All households	100	100	100	100	100	100	100
Equivalised disposable income							
Quintile group							
Bottom	9.7	9.4	9.3	9.5	9.2	8.2	7.6
2nd	14	13	13	13	13	12	11
3rd	18	18	17	17	17	16	16
4th	23	23	23	23	23	23	23
Top	36	36	38	38	38	41	42
All households	100	100	100	100	100	100	100
Equivalised post-tax income							
Quintile group							
Bottom	9.4	9.5	9.0	8.9	8.6	7.6	6.9
2nd	14	13	13	13	13	12	11
3rd	17	18	17	17	17	16	16
4th	23	23	22	22	23	22	22
Top	37	37	39	39	39	43	44
All households	100	100	100	100	100	100	100

1 Ranked by equivalised disposable income.

Gini coefficients for the distribution of income at each stage of the tax-benefit system, 1977-1988

TABLE O

	1977	1979	1981	1983	1985	1987	1988
Gini coefficients (per cent)							
Equivalised original income	43	44	46	48	49	51	51
Equivalised gross income	29	30	31	32	32	36	37
Equivalised disposable income	27	27	28	28	29	33	35
Equivalised post-tax income	29	29	31	31	32	36	39

Taxes and benefits as percentages of income by quintile groups of households[1], 1977-1988

TABLE P

	1977	1979	1981	1983	1985	1987	1988
Cash benefits as percentages of gross income:							
Bottom quintile group	58	68	64	66	72	72	73
2nd	27	29	33	41	43	42	39
3rd	12	13	14	17	16	16	14
4th	6	6	7	9	8	7	6
Top	3	3	3	4	3	3	2
Average over all households	13	14	14	17	16	15	13
Income tax, NIC and domestic rates as percentages of gross income:							
Bottom quintile group	18	12	14	13	13	13	15
2nd	20	16	17	16	16	16	17
3rd	22	20	21	22	20	20	20
4th	24	22	23	24	23	22	22
Top	24	23	24	25	25	24	22
Average over all households	23	20	22	22	22	21	21
Indirect taxes as percentages of disposable income:							
Bottom quintile group	23	21	26	27	27	27	29
2nd	21	21	23	23	23	23	25
3rd	21	22	23	24	23	23	24
4th	20	21	22	23	22	21	21
Top	17	19	19	19	18	16	16
Average over all households	20	21	22	22	21	20	20
Benefits in kind as percentages of final income:							
Bottom quintile group	40	39	43	41	39	42	44
2nd	30	30	31	31	29	30	31
3rd	23	22	23	23	22	21	21
4th	16	15	16	16	14	14	14
Top	9	8	8	9	7	6	6
Average over all households	20	19	20	20	18	17	17

1Ranked by equivalised disposable income.

The composition (ie household type) of the top and bottom quintile groups of households[1], 1977-1988

TABLE Q

	1977	1979	1981	1983	1985	1987	1988
Percentages							
Bottom quintile group							
Household type							
Retired	56	65	53	45	47	48	51
Non-retired							
1 adult	5	6	5	9	9	7	10
2 adults	7	5	6	8	9	8	7
1 adult with children	7	6	7	8	7	9	10
2 adults with children	21	16	22	22	21	19	16
3 or more adults [2]	5	4	7	8	6	8	5
All households in the bottom quintile group	100	100	100	100	100	100	100
Top quintile group							
Household type							
Retired	4	4	5	7	7	8	6
Non-retired							
1 adult	13	14	14	16	15	18	18
2 adults	43	44	42	38	41	40	41
1 adult with children	1	1	1	1	1	-	-
2 adults with children	20	18	19	22	20	20	20
3 or more adults [2]	20	19	18	16	16	14	15
All households in the top quintile group	100	100	100	100	100	100	100

1 Ranked by equivalised disposable income.
2 With or without children.

Tenure type and average household size for the top and bottom quintile groups of households[1], 1977-1988

TABLE R

	1977	1979	1981	1983	1985	1987	1988
Bottom quintile group							
Tenure type (per cent)							
Public sector rented	44	47	51	44	47	47	49
Privately rented	17	15	11	11	10	9	8
Owner occupied	38	37	36	44	41	43	41
Rent-free	2	2	2	2	2	2	1
All tenure types	100	100	100	100	100	100	100
Average per household (number)							
Persons	2.4	2.2	2.5	2.6	2.4	2.4	2.2
Adults	1.6	1.6	1.7	1.7	1.7	1.7	1.6
Children	0.7	0.6	0.8	0.8	0.7	0.7	0.6
Economically active	0.5	0.4	0.6	0.4	0.4	0.3	0.3
Retired	0.8	0.9	0.8	0.7	0.7	0.7	0.7
Top quintile group							
Tenure type (per cent)							
Public sector rented	17	14	11	8	5	4	4
Privately rented	10	8	7	5	4	5	4
Owner occupied	71	77	80	85	89	89	91
Rent-free	2	2	2	2	2	1	1
All tenure types	100	100	100	100	100	100	100
Average per household (number)							
Persons	2.5	2.5	2.5	2.5	2.4	2.4	2.4
Adults	2.1	2.1	2.1	2.0	2.1	2.0	2.0
Children	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Economically active	1.9	1.9	1.8	1.7	1.7	1.7	1.7
Retired	0.1	0.1	0.1	0.2	0.2	0.2	0.1

1 Ranked by equivalised disposable income.

APPENDIX 1

Detailed tables with fine breakdown of income components for quintile and decile groups, and results for different types of household, 1988

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General government expenditure in 1988

TABLE 1 (Appendix 1)

	£ million	*Percentage of total expenditure*
Allocated expenditure[1]		
Allocated cash benefits		
Contributory (National Insurance, etc)		
Retirement	19 470	*11.0*
Widows and guardians	890	*0.5*
Unemployment	1 260	*0.7*
Sickness/ Statutory sick pay	1 050	*0.6*
Invalidity	3 370	*1.9*
Maternity	260	*0.1*
Disablement	460	*0.3*
Other	280	*0.2*
Non-contributory		
Family benefits	5 270	*3.0*
Supplementary benefits	8 020	*4.5*
War pensions	570	*0.3*
Other	2 430	*1.4*
Student maintenance grants[2]	850	*0.5*
Rent rebates and allowances	3 690	*2.1*
Allocated benefits in kind		
Health services	21 800	*12.3*
Education	20 280	*11.4*
School meals and welfare milk	660	*0.4*
Housing subsidy	1 400	*0.8*
Travel subsidies[3]	1 080	*0.6*
	93 100	*52.5*
Unallocated expenditure		
Other current expenditure	59 210	*33.4*
Capital expenditure	4 020	*2.3*
Debt interest	18 030	*10.2*
Non-trading capital consumption	2 890	*1.6*
Total expenditure	177 250	*100.0*

1) Including benefits to people not living in private households. It is not possible (for the reasons given in Appendix 2, paragraph 1) to allocate all of Government expenditure to households.
2) Estimated.
3) Including concessionary fares expenditure.

Source: *United Kingdom National Accounts, 1989 edition, Table 9.4*

Financing of general government expenditure in 1988

TABLE 2 (Appendix 1)

	£ million	*Percentage of total financing*
Allocated financing [1]		
Income tax [2]	43 720	24.7
Employees' and self-employed NI contributions	15 170	8.6
Indirect taxes		
Domestic rates (net of rebates)	8 850	5.0
Taxes on final goods and services		
VAT	20 470	11.5
Duty on beer and cider	2 040	1.2
Duty on wines and spirits	2 130	1.2
Duty on tobacco	4 760	2.7
Duty on hydrocarbon oils	3 970	2.2
Car tax and vehicle excise duty	2 480	1.4
Other	2 730	1.5
Taxes and NI contributions on intermediate goods and services		
Employers' NI contributions	5 420	3.1
Commercial and industrial rates	4 500	2.5
Duty on hydrocarbon oils	2 290	1.3
VAT	1 480	0.8
Vehicle excise duty	600	0.3
Other	660	0.4
	121 270	68.4
Unallocated financing		
Employers' NI contributions not allocated	11 090	6.3
Indirect taxes		
Commercial and industrial rates not allocated	5 230	2.9
Other taxes on expenditure not allocated		
VAT	6 150	3.5
Duty on hydrocarbon oils	2 060	1.2
Other	4 630	2.6
Other taxes		
Corporation tax	15 810	8.9
Petroleum revenue tax	1 510	0.8
Taxes on capital	4 760	2.7
Other receipts [3]	10 740	6.1
Non-trading capital consumption	2 890	1.6
Government borrowing requirement	-8 890	-5.0
Total financing	177 250	100.0

1 Including taxes paid by people not living in private households.
2 Net of tax relief at source on mortgage interest and life assurance premiums.
3 Receipts of rent, royalties and licence fees on oil and gas production, interest, dividends, trading income and miscellaneous transactions (net).

Source: United Kingdom National Accounts, 1989 edition, Table 9.1

Average incomes, taxes and benefits, 1988

By quintile groups of households

TABLE 3 (Appendix 1)

	Quintile groups of households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
Quintile points (*equivalised £*)	*4 816*	*6 910*	*9 594*	*13 701*		
Number of households in the sample	1 453	1 453	1 453	1 453	1 453	7 265
Original income						
Earnings of main earner	740	3 089	7 400	10 829	19 499	8 311
Other earnings	86	471	1 942	3 827	6 195	2 504
Occupational pensions, annuities	160	503	788	830	1 304	717
Investment income	158	263	480	594	1 953	690
Other income	67	115	136	174	216	142
Total	1 211	4 440	10 746	16 255	29 166	12 364
Direct benefits in cash						
Contributory						
Retirement pension	1 374	1 312	679	406	298	814
Unemployment benefit	75	62	55	38	20	50
Invalidity pension and allowance	123	175	118	56	29	100
Statutory sick pay	3	18	33	42	35	26
Industrial injury disablement benefit	2	13	18	14	8	11
Sickness, industrial injury benefit	12	11	5	6	8	8
Widows' benefits	38	39	36	61	25	40
Statutory Maternity allowance/pay	3	6	11	12	10	9
Miscellaneous contributory benefits	8	9	4	3	2	5
Non-contributory						
Income support/ Supplementary benefit	675	249	125	57	19	225
Child benefit	244	228	298	242	154	233
Housing benefit	478	400	95	21	6	200
Invalid care allowance	2	10	11	1	2	5
Attendance allowance	7	42	52	14	16	26
Mobility allowance	14	42	40	16	15	25
War pensions	6	8	16	5	8	9
Severe disablement allowance	35	64	52	28	21	40
Student maintenance awards	37	30	28	21	27	29
Government training schemes	28	28	47	20	7	26
Family credit/ income supplement	29	27	10	3	-	14
Other non-contributory benefits	22	26	24	14	6	18
Total cash benefits	3 215	2 798	1 756	1 080	715	1 913
Gross income	4 426	7 239	12 501	17 336	29 881	14 277
Direct taxes and Employees' NIC						
Income tax	185	579	1 497	2 603	5 293	2 032
less: Tax relief at source (1)	35	68	192	325	514	227
Employees' NI contributions	53	229	613	944	1 214	610
Domestic rates (gross)	465	480	530	569	696	548
Total	667	1 220	2 448	3 792	6 689	2 963
Disposable income	3 759	6 019	10 053	13 544	23 192	11 313
Equivalised disposable income	*3 836*	*5 741*	*8 228*	*11 423*	*21 323*	*10 110*
(Standard error	*44*	*71*	*100*	*136*	*685*	*162)*
Indirect taxes						
Taxes on final goods and services						
VAT	358	511	891	1 125	1 589	895
Duty on tobacco	168	196	254	249	177	209
Duty on beer and cider	33	58	109	131	116	89
Duty on wines	7	9	22	35	81	31
Duty on spirits	28	44	62	80	109	65
Duty on hydrocarbon oils	62	99	192	243	277	174
Car Tax	7	16	37	52	68	36
Vehicle excise duty	33	50	95	111	126	83
Television licences	43	47	53	54	55	50
Stamp duty on house purchase	6	8	20	29	56	24
Customs' duties	20	26	40	48	60	39
Betting taxes	20	29	54	48	41	38
Other	9	13	15	18	20	15
Intermediate taxes						
Commercial and industrial rates	88	114	174	210	293	176
Employers' NI contributions	100	130	201	244	343	204
Duty on hydrocarbon oils	45	56	84	101	136	84
Vehicle excise duty	11	14	21	25	34	21
Other	42	55	83	99	136	83
Total indirect taxes	1 081	1 475	2 408	2 902	3 714	2 316
Post-tax income	2 678	4 544	7 645	10 642	19 478	8 997
Benefits in kind						
Education	793	792	961	812	416	755
National health service	1 122	1 062	977	822	717	940
Housing subsidy	104	104	47	28	11	59
Rail travel subsidy	9	11	28	27	52	25
Bus travel subsidy	33	34	23	20	15	25
School meals and welfare milk	62	22	20	13	8	25
Total	2 124	2 024	2 056	1 722	1 219	1 829
Final income	4 802	6 568	9 701	12 363	20 697	10 826

1 On mortgage interest and life assurance premiums.

Average incomes, taxes and benefits, 1988

By decile groups of households

TABLE 4 (Appendix 1)

	Decile groups of households ranked by equivalised disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
Decile points *(equivalised £)*	*4 018*	*4 816*	*5 667*	*6 910*	*8 202*	*9 594*	*11 320*	*13 701*	*17 860*		
Number of households in the sample ..	727	726	727	726	727	726	727	726	727	726	7 265
Original income											
Earnings of main earner	487	994	1 804	4 375	6 584	8 217	10 013	11 647	14 277	24 728	8 311
Other earnings	62	111	241	702	1 498	2 387	3 236	4 419	5 687	6 703	2 504
Occupational pensions, annuities ..	110	210	354	652	697	879	793	866	974	1 633	717
Investment income	163	152	202	324	467	494	548	641	1 038	2 870	690
Other income	67	68	90	140	158	113	170	179	200	232	142
Total	888	1 534	2 691	6 192	9 404	12 089	14 760	17 753	22 176	36 166	12 364
Direct benefits in cash											
Contributory											
Retirement pension	1 147	1 603	1 552	1 071	764	594	488	324	306	290	814
Unemployment benefit	82	68	59	65	47	64	53	22	26	13	50
Invalidity pension and allowance ..	103	143	147	203	129	107	60	52	42	17	100
Statutory sick pay	1	4	12	24	29	37	38	46	41	30	26
Industrial injury disablement benefit	3	-	12	13	17	19	9	18	9	6	11
Sickness, industrial injury benefit	18	5	17	5	6	4	4	7	8	8	8
Widows' benefits	35	41	26	52	46	27	64	58	32	17	40
Statutory Maternity allowance/pay	3	4	3	9	10	13	16	9	12	9	9
Miscellaneous contributory benefits	6	10	9	8	5	4	3	3	2	2	5
Non-contributory											
Income support/Supplementary benefit	795	554	267	231	150	100	83	32	19	19	225
Child benefit	275	212	172	283	311	284	273	211	164	144	233
Housing benefit	390	566	549	252	117	73	28	15	7	5	200
Invalid care allowance	5	-	8	12	11	10	-	2	2	2	5
Attendance allowance	3	11	38	47	60	44	18	10	19	14	26
Mobility allowance	10	18	21	63	50	30	22	10	14	15	25
War pensions	3	9	8	8	19	13	5	6	4	12	9
Severe disablement allowance ..	16	53	61	67	61	42	42	14	21	21	40
Student maintenance awards ..	53	22	27	32	37	19	21	21	44	11	29
Government training schemes ..	25	31	17	38	46	48	23	18	10	5	26
Family credit/ income supplement	24	34	28	26	10	9	-	5	-	-	14
Other non-contributory benefits ..	14	29	36	15	24	24	20	8	5	7	18
Total cash benefits	3 013	3 417	3 070	2 526	1 947	1 564	1 270	891	786	644	1 913
Gross income	3 901	4 951	5 761	8 718	11 351	13 654	16 029	18 644	22 962	36 810	14 277
Direct taxes and Employees' NIC											
Income tax	223	147	379	779	1 253	1 742	2 322	2 885	3 923	6 665	2 032
less: Tax relief at source [1] ..	37	34	49	88	165	219	292	358	434	594	227
Employees' N I contributions ..	32	73	123	336	518	708	872	1 015	1 204	1 223	610
Domestic rates (gross)	474	455	463	497	515	546	560	579	623	768	548
Total	693	641	916	1 524	2 121	2 776	3 462	4 122	5 317	8 063	2 963
Disposable income	3 208	4 311	4 845	7 194	9 230	10 878	12 568	14 521	17 645	28 747	11 313
Equivalised disposable income ..	*3 236*	*4 436*	*5 207*	*6 275*	*7 562*	*8 896*	*10 415*	*12 432*	*15 606*	*27 048*	*10 110*
*(Standard error	*56*	*42*	*56*	*91*	*99*	*107*	*126*	*156*	*218*	*1 291*	*162)*
Indirect taxes											
Taxes on final goods and services											
VAT	370	346	384	638	806	975	1 049	1 201	1 402	1 776	895
Duty on tobacco	162	175	166	226	248	260	240	258	202	152	209
Duty on beer and cider	31	36	43	74	95	123	128	134	116	116	89
Duty on wines	7	8	7	11	20	24	30	39	55	107	31
Duty on spirits	26	29	39	48	55	70	84	77	103	115	65
Duty on hydrocarbon oils ..	63	61	69	128	178	206	225	261	275	278	174
Car tax	10	4	6	25	31	44	43	61	68	67	36
Vehicle excise duty	34	33	36	64	85	105	104	118	128	124	83
Television licences	43	43	45	49	53	54	54	54	54	56	50
Stamp duty on house purchase ..	7	5	6	10	18	23	25	34	45	66	24
Customs' duties	21	19	19	33	37	43	46	50	58	63	39
Betting taxes	19	22	23	36	51	57	42	55	44	37	38
Other	9	8	12	15	14	15	18	18	17	22	15
Intermediate taxes											
Commercial and industrial rates ..	90	86	92	135	164	184	199	220	252	334	176
Employers' NI contributions ..	102	98	105	156	190	212	231	257	294	392	204
Duty on hydrocarbon oils	45	44	46	66	82	87	94	107	116	155	84
Vehicle excise duty	11	10	11	16	20	21	23	27	29	40	21
Other	43	41	44	66	79	87	95	104	118	154	83
Total indirect taxes	1 094	1 068	1 154	1 796	2 225	2 591	2 730	3 075	3 376	4 053	2 316
Post-tax income	2 115	3 242	3 691	5 399	7 004	8 287	9 838	11 447	14 270	24 694	8 997
Benefits in kind											
Education	939	648	529	1 055	1 047	875	915	708	500	332	755
National health service	1 098	1 147	1 083	1 041	997	957	865	779	734	701	940
Housing subsidy	93	115	122	85	53	40	33	23	15	7	59
Rail travel subsidy	9	8	12	10	17	39	24	29	49	55	25
Bus travel subsidy	28	38	38	30	24	22	21	20	15	14	25
School meals and welfare milk ..	83	42	21	22	22	18	15	11	10	5	25
Total	2 250	1 997	1 805	2 244	2 160	1 952	1 874	1 570	1 323	1 114	1 829
Final income	4 364	5 240	5 496	7 642	9 165	10 239	11 711	13 017	15 592	25 808	10 826

1 On mortgage interest and life assurance premiums.

Average incomes, taxes and benefits, 1988

By quintile groups within household type

TABLE 5 (Appendix 1)

	Quintile groups of households ranked by equivalised disposable income					
	Bottom	2nd	3rd	4th	Top	All groups
Average per household (£ per year)						
(i) 1 adult retired						
Quintile points *(equivalised £)*	*4 023*	*4 843*	*5 345*	*6 811*		
Number of households in the sample	205	206	205	206	205	1 027
Original income	304	404	465	1 164	6 122	1 690
Direct benefits in cash						
Contributory						
Retirement pension	2 117	2 156	2 144	2 162	2 068	2 129
Sickness/ injury related	6	21	7	21	75	26
Unemployment benefit	-	-	-	-	6	1
Other	19	14	46	13	68	32
Total contributory	2 142	2 191	2 196	2 196	2 216	2 188
Non-contributory						
Income support/ Supplementary benefit	50	42	74	84	39	58
Child benefit	-	-	-	-	-	-
Housing benefit	148	505	796	673	116	448
Sickness/ disablement related	-	22	15	73	200	62
Other	-	32	30	10	104	35
Total non-contributory	198	600	914	841	459	603
Gross income	2 644	3 194	3 576	4 202	8 798	4 481
Income tax[1] and Employees' NIC	106	35	45	157	1 315	331
Domestic rates(gross)	481	410	419	464	581	471
Disposable income	2 057	2 749	3 112	3 581	6 902	3 679
Equivalised disposable income	*3 373*	*4 506*	*5 101*	*5 870*	*11 314*	*6 031*
Taxes on final goods and services	352	327	355	410	758	440
Intermediate taxes	186	159	168	199	321	207
Post-tax income	1 520	2 263	2 589	2 971	5 822	3 032
Benefits in kind						
Education	-	-	-	-	-	-
National health service	1 193	1 049	1 046	1 003	944	1 047
Housing subsidy	39	102	150	129	57	95
Travel subsidies	37	43	46	44	44	43
School meals and welfare milk	-	1	-	-	-	-
Final income	2 789	3 458	3 831	4 147	6 866	4 217
(ii) 2 or more adults retired						
Quintile points *(equivalised £)*	*4 155*	*4 833*	*6 253*	*8 699*		
Number of households in the sample	171	172	171	172	171	857
Original income	647	822	2 086	4 769	14 263	4 514
Direct benefits in cash						
Contributory						
Retirement pension	3 043	3 425	3 370	3 061	3 000	3 180
Sickness/ injury related	104	96	150	295	319	193
Unemployment benefit	31	22	11	15	35	23
Other	29	18	17	45	28	27
Total contributory	3 207	3 561	3 548	3 417	3 382	3 423
Non-contributory						
Income support/ Supplementary benefit	169	137	136	73	27	108
Child benefit	15	-	7	-	7	6
Housing benefit	185	444	263	108	12	203
Sickness/ disablement related	7	99	314	407	256	217
Other	41	60	78	61	24	53
Total non-contributory	417	740	797	649	326	586
Gross income	4 271	5 123	6 432	8 834	17 971	8 523
Income tax[1] and Employees' NIC	101	58	268	726	2 990	828
Domestic rates(gross)	496	472	511	556	780	563
Disposable income	3 674	4 592	5 653	7 552	14 201	7 132
Equivalised disposable income	*3 573*	*4 478*	*5 469*	*7 307*	*13 243*	*6 812*
Taxes on final goods and services	721	741	931	1 324	2 017	1 146
Intermediate taxes	296	272	329	448	700	409
Post-tax income	2 657	3 579	4 394	5 780	11 484	5 577
Benefits in kind						
Education	51	-	22	-	88	32
National health service	1 772	1 587	1 597	1 465	1 374	1 559
Housing subsidy	46	115	90	60	4	63
Travel subsidies	66	74	71	65	75	70
School meals and welfare milk	7	-	2	-	-	2
Final income	4 599	5 355	6 176	7 370	13 025	7 303

1 After tax relief at source on mortgage interest and life assurance premiums.

Average incomes, taxes and benefits, 1988

By quintile groups within household type

TABLE 5 (Appendix 1) *(continued)*

	Quintile groups of households ranked by equivalised disposable income					All groups
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
(iii) 1 adult non-retired						
Quintile points *(equivalised £)*		*4 925*	*8 943*	*12 213*	*16 902*	
Number of households in the sample	162	162	163	162	162	811
Original income	607	3 732	8 108	11 430	18 911	8 557
Direct benefits in cash						
Contributory						
Retirement pension	25	102	73	43	39	56
Sickness/ injury related	165	250	73	37	78	121
Unemployment benefit	121	65	12	5	5	42
Other	170	126	154	120	66	127
Total contributory	481	543	313	205	188	346
Non-contributory						
Income support/ Supplementary benefit	796	265	35	13	2	222
Child benefit	-	-	2	5	-	1
Housing benefit	649	364	40	3	11	213
Sickness/ disablement related	84	219	61	11	24	80
Other	138	35	13	2	25	43
Total non-contributory	1 666	883	150	33	62	558
Gross income	2 755	5 158	8 571	11 667	19 161	9 461
Income tax[1] and Employees' NIC	62	620	1 730	2 508	3 795	1 743
Domestic rates(gross)	386	404	441	433	538	441
Disposable income	2 307	4 134	6 399	8 727	14 827	7 278
Equivalised disposable income	*3 781*	*6 777*	*10 491*	*14 306*	*24 307*	*11 931*
Taxes on final goods and services	533	805	1 232	1 400	1 826	1 159
Intermediate taxes	188	249	362	408	610	363
Post-tax income	1 585	3 080	4 805	6 919	12 391	5 755
Benefits in kind						
Education	337	143	-	41	-	104
National health service	263	283	268	252	252	264
Housing subsidy	99	85	50	22	20	55
Travel subsidies	22	31	25	24	59	32
School meals and welfare milk	-	-	-	-	-	-
Final income	2 306	3 622	5 149	7 259	12 723	6 210
(iv) 2 adults non-retired						
Quintile points *(equivalised £)*		*7 320*	*10 220*	*13 525*	*18 227*	
Number of households in the sample	304	304	304	304	304	1 520
Original income	4 031	9 851	15 058	20 306	36 950	17 239
Direct benefits in cash						
Contributory						
Retirement pension	574	598	267	199	191	366
Sickness/ injury related	476	216	122	91	62	193
Unemployment benefit	106	55	23	21	15	44
Other	38	50	55	24	5	34
Total contributory	1 194	920	468	335	272	638
Non-contributory						
Income support/ Supplementary benefit	407	75	37	17	1	107
Child benefit	-	3	-	2	10	3
Housing benefit	282	103	23	8	-	83
Sickness/ disablement related	269	195	27	75	21	117
Other	162	62	10	22	23	56
Total non-contributory	1 120	438	97	124	56	367
Gross income	6 345	11 209	15 623	20 765	37 278	18 244
Income tax[1] and Employees' NIC	626	1 737	3 023	4 321	7 597	3 461
Domestic rates(gross)	469	504	528	580	740	564
Disposable income	5 250	8 968	12 072	15 864	28 941	14 219
Equivalised disposable income	*5 140*	*8 787*	*11 867*	*15 650*	*28 711*	*14 031*
Taxes on final goods and services	1 238	1 720	2 169	2 555	3 052	2 147
Intermediate taxes	368	509	636	759	1 049	664
Post-tax income	3 644	6 739	9 267	12 551	24 840	11 408
Benefits in kind						
Education	303	136	55	45	34	115
National health service	766	698	584	549	557	631
Housing subsidy	78	46	27	18	1	34
Travel subsidies	37	77	43	64	61	56
School meals and welfare milk	-	-	-	-	-	-
Final income	4 829	7 696	9 977	13 228	25 492	12 244

1 After tax relief at source on mortgage interest and life assurance premiums.

Average incomes, taxes and benefits, 1988

By quintile groups within household type

TABLE 5 (Appendix 1) *(continued)*

	Quintile groups of households ranked by equivalised disposable income					All groups
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
(v) 3 or more adults non-retired						
Quintile points *(equivalised £)*		*7 171*	*9 074*	*11 410*	*14 656*	
Number of households in the sample	128	129	128	129	128	642
Original income	6 887	14 008	18 679	24 866	40 060	20 896
Direct benefits in cash						
Contributory						
Retirement pension	704	539	499	341	258	468
Sickness/ injury related	668	347	277	257	147	339
Unemployment benefit	206	134	132	33	31	107
Other	67	52	58	52	11	48
Total contributory	1 645	1 071	966	684	448	963
Non-contributory						
Income support/ Supplementary benefit	718	305	127	58	47	251
Child benefit	9	12	6	9	6	8
Housing benefit	265	75	33	3	11	77
Sickness/ disablement related	356	212	262	61	96	197
Other	505	320	209	119	78	246
Total non-contributory	1 852	924	636	250	237	779
Gross income	10 384	16 002	20 282	25 801	40 745	22 637
Income tax[2] and Employees' NIC	1 189	2 555	3 556	5 139	8 596	4 206
Domestic rates(gross)	509	513	518	562	802	581
Disposable income	8 686	12 934	16 208	20 099	31 347	17 851
Equivalised disposable income	*5 570*	*8 182*	*10 115*	*12 900*	*20 280*	*11 407*
Taxes on final goods and services	1 999	2 764	3 098	3 501	3 782	3 029
Intermediate taxes	593	741	837	907	1 239	863
Post-tax income	6 094	9 429	12 273	15 691	26 326	13 958
Benefits in kind						
Education	1 276	666	637	387	443	681
National health service	1 039	995	980	939	907	972
Housing subsidy	86	62	47	26	18	48
Travel subsidies	73	72	62	91	129	85
School meals and welfare milk	1	-	-	-	-	-
Final income	8 569	11 224	13 999	17 134	27 823	15 745
(vi) 1 adult with children[1]						
Quintile points *(equivalised £)*		*3 899*	*4 502*	*5 155*	*7 781*	
Number of households in the sample	56	57	56	57	56	282
Original income	239	475	772	4 158	11 523	3 425
Direct benefits in cash						
Contributory						
Retirement pension	-	-	-	-	-	-
Sickness/ injury related	62	-	82	33	43	44
Unemployment benefit	5	-	-	12	15	6
Other	162	92	37	177	312	156
Total contributory	229	92	119	222	371	206
Non-contributory						
Income support/ Supplementary benefit	1 379	2 077	2 005	779	436	1 336
Child benefit	809	742	639	694	715	720
Housing benefit	970	1 040	1 224	514	320	813
Sickness/ disablement related	-	-	23	22	-	9
Other	144	151	110	469	30	182
Total non-contributory	3 302	4 010	4 001	2 477	1 500	3 060
Gross income	3 770	4 577	4 893	6 857	13 394	6 691
Income tax[2] and Employees' NIC	-39	-2	1	300	1 888	428
Domestic rates(gross)	510	468	472	502	527	496
Disposable income	3 299	4 111	4 420	6 054	10 979	5 768
Equivalised disposable income	*3 237*	*4 193*	*4 776*	*6 197*	*11 355*	*5 946*
Taxes on final goods and services	699	628	626	1 158	1 472	916
Intermediate taxes	255	242	238	394	532	332
Post-tax income	2 345	3 241	3 556	4 503	8 975	4 519
Benefits in kind						
Education	1 712	1 678	1 844	2 264	2 010	1 902
National health service	878	896	818	575	574	748
Housing subsidy	256	156	172	146	30	152
Travel subsidies	31	18	21	17	18	21
School meals and welfare milk	276	235	198	108	58	175
Final income	5 498	6 224	6 608	7 612	11 664	7 517

1 This group is smaller than the category of "one parent families" because some of these families will be contained in larger household types.
2 After tax relief at source on mortgage interest and life assurance premiums.

Average incomes, taxes and benefits, 1988

By quintile groups within household type

TABLE 5 (Appendix 1) *(continued)*

	Quintile groups of households ranked by equivalised disposable income					All groups
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
(vii) 2 adults with 1 child						
Quintile points *(equivalised £)*		*6 199*	*8 463*	*10 662*	*14 268*	
Number of households in the sample	114	113	114	113	114	568
Original income	4 677	10 113	13 494	18 329	35 391	16 408
Direct benefits in cash						
Contributory						
Retirement pension	19	40	-	20	6	17
Sickness/ injury related	253	99	109	41	75	116
Unemployment benefit	209	97	112	42	18	95
Other	185	97	100	94	81	111
Total contributory	665	333	320	197	179	339
Non-contributory						
Income support/ Supplementary benefit	902	168	84	-	70	245
Child benefit	380	368	378	390	378	379
Housing benefit	455	74	49	4	15	120
Sickness/ disablement related	52	53	11	30	86	46
Other	149	30	17	43	169	82
Total non-contributory	1 938	693	540	468	717	872
Gross income	7 279	11 139	14 354	18 994	36 287	17 620
Income tax[1] and Employees' NIC	1 326	1 756	2 303	3 605	7 438	3 288
Domestic rates(gross)	488	480	540	611	715	567
Disposable income	5 466	8 904	11 511	14 779	28 133	13 765
Equivalised disposable income	*4 496*	*7 439*	*9 652*	*12 242*	*23 143*	*11 400*
Taxes on final goods and services	1 352	1 720	1 840	2 241	2 900	2 011
Intermediate taxes	425	504	589	727	1 046	658
Post-tax income	3 689	6 679	9 082	11 811	24 187	11 096
Benefits in kind						
Education	1 038	726	785	899	702	830
National health service	960	946	986	904	1 067	973
Housing subsidy	96	57	32	11	13	42
Travel subsidies	40	24	30	28	60	36
School meals and welfare milk	52	15	11	20	19	23
Final income	5 876	8 447	10 926	13 673	26 048	13 001
(viii) 2 adults 2 children						
Quintile points *(equivalised £)*		*5 999*	*7 680*	*9 525*	*12 451*	
Number of households in the sample	174	174	174	174	174	870
Original income	5 078	11 345	14 550	18 970	33 857	16 760
Direct benefits in cash						
Contributory						
Retirement pension	-	13	-	-	31	9
Sickness/injury related	337	55	35	46	24	99
Unemployment benefit	125	36	16	41	26	49
Other	6	40	8	11	28	19
Total contributory	469	144	59	98	109	176
Non-contributory						
Income support/ Supplementary benefit	810	92	5	74	8	198
Child benefit	757	750	735	742	735	744
Housing benefit	394	81	17	10	1	101
Sickness/ disablement related	112	33	57	-	33	47
Other	79	56	27	30	16	41
Total non-contributory	2 151	1 012	840	856	793	1 130
Gross income	7 698	12 501	15 448	19 923	34 759	18 066
Income tax[1] and Employees' NIC	963	1 914	2 590	3 573	6 256	3 059
Domestic rates(gross)	487	549	584	666	807	619
Disposable income	6 247	10 037	12 274	15 685	27 697	14 388
Equivalised disposable income	*4 370*	*6 982*	*8 567*	*10 880*	*19 237*	*10 007*
Taxes on final goods and services	1 574	1 813	2 096	2 394	2 963	2 168
Intermediate taxes	485	610	655	780	1 133	733
Post-tax income	4 188	7 614	9 523	12 511	23 601	11 487
Benefits in kind						
Education	2 033	2 076	2 051	2 127	1 507	1 959
National health service	1 069	1 023	1 150	1 038	1 062	1 068
Housing subsidy	109	50	12	13	3	37
Travel subsidies	21	26	22	32	63	33
School meals and welfare milk	128	54	49	45	36	62
Final income	7 547	10 843	12 807	15 766	26 272	14 647

1 After tax relief at source on mortgage interest and life assurance premiums.

Average incomes, taxes and benefits, 1988

By quintile groups within household type

TABLE 5 (Appendix 1) *(continued)*

	Quintile groups of households ranked by equivalised disposable income					All groups
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
(ix) 2 adults with 3 or more children						
Quintile points *(equivalised £)*		*4 542*	*6 334*	*8 160*	*10 933*	
Number of households in the sample ..	65	65	64	65	65	324
Original income	3 034	10 080	13 472	18 594	34 385	15 921
Direct benefits in cash						
Contributory						
Retirement pension	-	-	-	-	-	-
Sickness/ injury related	200	132	54	79	13	96
Unemployment benefit	325	47	23	45	26	93
Other	22	-	7	44	6	16
Total contributory	548	179	84	169	45	205
Non-contributory						
Income support/ Supplementary benefit ..	1 483	83	100	181	46	380
Child benefit	1 355	1 315	1 140	1 204	1 106	1 224
Housing benefit	556	169	32	18	29	161
Sickness/ disablement related	129	111	94	84	-	84
Other	260	190	15	43	44	111
Total non-contributory	3 784	1 869	1 383	1 530	1 225	1 960
Gross income	7 365	12 128	14 939	20 292	35 655	18 086
Income tax[1] and Employees' NIC	374	1 899	2 313	3 704	6 349	2 930
Domestic rates(gross)	478	544	549	630	860	612
Disposable income	6 513	9 685	12 078	15 958	28 447	14 544
Equivalised disposable income	*3 654*	*5 478*	*7 108*	*9 264*	*17 021*	*8 509*
Taxes on final goods and services	1 365	1 836	1 791	2 323	3 096	2 083
Intermediate taxes	447	576	630	806	1 398	772
Post-tax income	4 702	7 274	9 657	12 828	23 952	11 689
Benefits in kind						
Education	3 842	3 387	3 784	3 391	2 961	3 472
National health service	1 584	1 370	1 408	1 480	1 378	1 444
Housing subsidy	157	157	53	34	10	82
Travel subsidies	25	15	21	44	72	35
School meals and welfare milk	298	91	58	80	72	120
Final income	10 609	12 294	14 981	17 857	28 445	16 843
(x) 3 or more adults with children						
Quintile points *(equivalised £)*		*6 014*	*7 946*	*9 796*	*12 292*	
Number of households in the sample ..	73	73	72	73	73	364
Original income	7 280	14 380	19 400	24 615	39 177	20 975
Direct benefits in cash						
Contributory						
Retirement pension	221	263	126	314	181	221
Sickness/ injury related	246	137	162	59	183	158
Unemployment benefit	226	195	113	42	45	124
Other	37	57	61	81	8	49
Total contributory	730	652	461	495	418	551
Non-contributory						
Income support/ Supplementary benefit ..	1 480	455	192	150	23	461
Child benefit	801	587	474	525	568	591
Housing benefit	356	77	35	16	-	97
Sickness/ disablement related	75	169	236	78	111	134
Other	401	380	220	305	91	280
Total non-contributory	3 112	1 667	1 157	1 074	793	1 562
Gross income	11 122	16 699	21 018	26 185	40 388	23 088
Income tax[1] and Employees' NIC	1 295	2 791	3 768	5 273	7 797	4 186
Domestic rates(gross)	482	568	587	619	885	628
Disposable income	9 345	13 339	16 663	20 292	31 706	18 274
Equivalised disposable income	*4 527*	*6 998*	*8 850*	*10 785*	*16 595*	*9 553*
Taxes on final goods and services	2 323	2 814	3 208	3 338	4 216	3 180
Intermediate taxes	711	805	922	926	1 409	954
Post-tax income	6 311	9 721	12 533	16 029	26 080	14 139
Benefits in kind						
Education	3 268	2 694	2 081	2 381	2 254	2 537
National health service	1 536	1 206	1 143	1 156	1 297	1 268
Housing subsidy	126	59	50	45	15	59
Travel subsidies	91	48	71	76	71	71
School meals and welfare milk	208	47	35	28	16	67
Final income	11 539	13 776	15 914	19 715	29 733	18 141

1 After tax relief at source on mortgage interest and life assurance premiums.

Distribution of households[1] co-operating in the Family Expenditure Survey, 1988

By decile groups of households ranked by equivalised disposable income

TABLE 6 (Appendix 1)

	Retired households		Non-Retired households								
	1 adult	2 or more adults	1 adult	2 adults	3 or more adults	1 adult with children	2 adults with 1 child	2 adults with 2 children	2 adults with 3 or more children	3 or more adults with children	All house-holds
Decile groups of households ranked by equivalised disposable income											
Bottom	204	135	80	62	17	69	38	59	42	21	727
2nd	192	206	71	45	14	79	28	36	34	21	726
3rd	305	119	48	57	30	39	26	58	26	19	727
4th	127	107	51	114	53	27	53	96	53	45	726
5th	53	95	50	122	79	21	68	151	42	46	727
6th	51	70	57	143	99	17	64	127	41	57	726
7th	34	39	93	162	88	16	95	113	26	61	727
8th	23	32	105	223	103	8	72	95	25	40	726
9th	17	31	116	270	100	4	71	69	15	34	727
Top	21	23	140	322	59	2	53	66	20	20	726
All households ..	1 027	857	811	1 520	642	282	568	870	324	364	7 265

1 See Appendix 2 for definitions of retired households, adults and children.

APPENDIX 2

METHODOLOGY AND DEFINITIONS

The allocation of government expenditure and its financing

1. There are considerable difficulties in moving from the aggregates of government expenditure and financing published in the United Kingdom National Accounts - the CSO Blue Book - to apportioning taxes and benefits to individual households. We can obtain information about the types of household that receive cash benefits and pay direct taxes through surveys such as the Family Expenditure Survey (FES). From the replies respondents give to questions on their expenditure we can impute their payments of indirect taxes, and from information they supply about such factors as their ages and number of children in the household we can estimate the average costs of providing them with social services, such as health and education. But there are other kinds of financing, such as corporation tax and government receipts from public corporations: no attempt is made in this analysis to apportion them to households because it would be too difficult. Similarly, there are other items of government expenditure, such as capital expenditure and expenditure on defence and on the maintenance of law and order, for which there is no clear conceptual basis for allocation, or for which we do not in any event have sufficient information to make an allocation. In all, 68 per cent of government financing (including the Borrowing Requirement) and 53 per cent of expenditure are allocated to households in this analysis.

Family Expenditure Survey(FES)

2. The estimates in this article are based mainly on data derived from the FES. The FES is an annual survey of the expenditure and income of private households. People living in hotels, lodging houses, and in institutions such as old peoples' homes are excluded. Each person aged 16 and over keeps a full record of payments made during 14 consecutive days and answers questions about hire purchase and other payments. The respondents also give detailed information, where appropriate, about income (including cash benefits received from the state) and payments of income tax. Information on age, occupation, education received, family composition and housing tenure is lso obtained. The survey covers the whole 12 month period.

3. One of the main purposes of the FES is to produce information on household expenditure patterns which is used to derive the weights for the index of retail prices. The survey is conducted by the Office of Population Censuses and Surveys on behalf of the Central Statistical Office who analyse and report on it (prior to July 1989, the FES was the responsibility of the Department of Employment). The Family Expenditure Survey Report for 1988, containing detailed data on household characteristics, income, and expenditure, was published in February 1990. Details of the survey method are set out in 'The Family Expenditure Survey Handbook' by W F F Kemsley, R U Redpath and M Holmes. Both are published by Her Majesty's Stationery Office.

4. The number of households in the United Kingdom responding to the FES in 1988 was 7,265. The response rate in Great Britain was 71 per cent: the FES in Northern Ireland is done as a separate exercise to the rest of UK, with a larger sampling fraction, and only a proportion of these cases go into the UK analysis. To count as a co-operating household, all members aged 16 and over must fill in the diaries for both weeks and give full details of income etc. The available evidence suggest that older households, households where the head is self-employed, those without children and higher income households, are less likely to co-operate than others (see 'Family Expenditure Survey: a second study of differential response, comparing Census characteristics of FES respondents and non-respondents' by Bob Redpath, *Statistical News* No 72 February 1986. (HMSO)). In addition response in Greater London is noticeably lower than in other areas. However, at present, the results in this article are based on the responses of those households which actually co-operated in the survey and they are not reweighted. This means that some of the figures differ from those produced by other surveys such as the Survey of Personal Incomes from the Inland Revenue.

Unit of analysis

5. The basic unit of analysis in the article is the household, and not the family, individual or tax unit. A household is defined in the FES as comprising people who live at the same address and who share common catering for at least one meal a day. Spending on many items, particularly on food, housing, fuel and light, is largely joint spending by the members of the household. Without further information or assumptions it is difficult to apportion indirect taxes between individuals or other sub-divisions of households.

6. In classifying the households into various types, a **child** (ie a dependant) is defined as:

> either aged under 16
>
> or aged 16,17 or 18 not married, and receiving full-time non-advanced further education.

[The definition used in the pre-1987 articles was a person aged under 16].

Most of the 'extra' adults in households with at least three adults are sons or daughters of the head of household rather than retired people.

7. A **retired household** is defined as one where the combined income of retired members amounts to at least half the total gross income of the household, where a retired person is defined as anyone who describes themselves as 'retired' or anyone over minimum NI pension age describing themselves as 'unoccupied' or 'sick or injured but not intending to seek work'.

8. By no means all retired people are in retired households: about one in five households comprising three or more adults contain retired people, for example, and households comprising one retired and one non-retired adult are often classified as non-retired.

9. The sample households have been classified according to their compositions at the time of the interview. This classification is sensible for the vast majority of households, but it can be misleading for the very small number of cases (26 in 1988) where a spouse is absent from the household at the time of interview. The absent spouse may well be working away from home (eg on an oil rig), or living separately - but contributing financially to the household's upkeep. These contributions would be picked up as part of the household's original income. Also, it is likely that some households will have changed their composition during the year.

10. Economically active people comprise employees, the self-employed and others not in employment but who are seeking or intending, when able, to seek work. In 1982 there were changes in the FES in the definition relating to economic activity. The effect of

these changes is to exclude all those out of employment for more than a year rather than five years. This exclusion applies regardless of the fact that they may still describe themselves as seeking work. Also excluded are those who have not been in paid employment since leaving full-time education unless they have worked within the previous year; certain of the part-time self-employed with very small incomes: and those whose only economic activity is working as mail-order agents or baby-sitters.

Income: redistributive stages

11. Stage one:
Original income plus cash benefits = Gross income.

Stage two:
Gross income minus income tax, employees' National Insurance contributions and domestic rates = Disposable income.

Stage three:
Disposable income minus indirect taxes = Post-tax income.

Stage four:
Post-tax income plus 'benefits in kind' = Final income.

12. The starting point of the analysis is original income. This is the annual income in cash of all members of the household before the deduction of taxes or the addition of any state benefits. It includes income from employment, self-employment, investment income, occupational pensions and annuities. Employment income is based on the last payment received before the interview or, where different, the amount usually received. Allowance is made for any periods of absence from work through sickness and unemployment in the preceding 12 months, and for bonuses. Income from self-employment is recorded in the FES for a past period. This is brought up to current levels using the average earnings index. Income from interest, dividends and rent is taken as the amount received in the 12 months before the interview. Income from occupational pensions is based on the last payment received.

13. About 99 per cent of **original income** comes from earnings, occupational pensions (including annuities) and investment income. The tiny bit remaining comes from a variety of sources: trade union benefits, income of children under 16, private scholarships, earnings as a mail order agent or babysitter, regular allowance from a non-spouse, allowance from an absent spouse and the imputed value of rent-free accommodation. Households living in rent-free dwellings are each assigned an imputed income based on the rateable value of the dwelling. This is counted as employment income if the tenancy depends on the job.

14. The next stage of the analysis is to add cash benefits to original income to obtain **gross income**. This is slightly different to the 'gross normal weekly income' used in the FES Report, mainly because it excludes the imputed rent of owner-occupiers. Cash benefits are:

Contributory:

Retirement pension and Christmas bonus, unemployment benefits, sickness and industrial injury benefit, statutory sick pay, invalidity pension and allowance, industrial injury disablement benefits, widows' benefits, and statutory maternity pay.

Non-contributory:

Supplementary benefit, child benefit, housing benefit, attendance allowance, mobility allowance, war pensions, severe disablement allowance, family income supplement, old persons pension, government training scheme allowances (YTS etc), student maintenance awards, maternity grant.

15. Statutory Sick Pay and Statutory Maternity Pay are classified as cash benefits even though they are paid through the employer.

16. Income from short-term benefits is taken as the product of the last weekly payment and the number of weeks the benefit was received in the 12 months prior to interview. Income from long-term benefits, and from housing benefit, is based on current rates.

17. Income tax, domestic rates and employees' and self-employed contributions to National Insurance and National Health services are then deducted to give **disposable income**. Taxes on capital, such as capital gains tax and inheritance tax, are not included in these deductions because there is no clear conceptual basis for doing so, and the relevant data is not available from the FES.

18. The figures for domestic rates include, as well as local authority rates, charges made by water authorities for water, environmental and sewerage services. Rates are shown in full with any rebates given in housing benefit.

[In pre-1987 articles, domestic rates have been included in the 'indirect' tax category. They are now deducted in the derivation of disposable income in anticipation of their replacement by the community charge from 1989. The National Accounts system, which strongly influences this article, will be showing the community charge as a deduction before disposable income is produced].

19. The tax estimates are based on the amount deducted from the last payments of employment income and pensions, and on the amount paid in the last 12 months in respect of income from self-employment, interest, dividends and rent. The income tax payments recorded will therefore take account of a household's tax allowances, with the exception of tax relief obtained in this way 'at source'. In 1988 there were two types of tax relief obtained in this way: mortgage interest relief and life assurance premium relief. Where households are eligible for these reliefs imputations are made and deducted from recorded income tax payments. In the case of mortgage interest relief obtained through the MIRAS scheme, which was introduced in April 1983, these imputations are based on the interest component of the latest mortgage repayment.

20. The next step is to deduct indirect taxes to give **post-tax income**. Indirect tax on final consumer goods and services include:

Duties on beer, wines, spirits, tobacco, oil, betting, etc
Value Added Tax (VAT)
Customs (import) duties
Car tax
Motor vehicle duties
Driving licenses
Stamp duties
Gas levy

21. Taxes levied on final goods and services are assumed to be fully incident on the consumer, and can be imputed from a household's FES expenditure record. For example, the amount of VAT which is paid by the household is calculated from the household's total expenditure on goods and services subject to VAT.

22. VAT and car tax affect the prices of secondhand cars and are therefore assumed to be incident on the purchasers of such cars as well as on the purchasers of new cars. In allocating taxes,

expenditures recorded in the FES on alcoholic drink, tobacco, ice cream, soft drinks and confectionery are grossed up to allow for the known under-recording of these items in the sample. The true expenditure in each case is assumed to be proportional to the recorded expenditure. This approach has its drawbacks because there is some evidence to suggest that heavy drinkers, for example, are not picked up by the FES.

23. The incidence of stamp duty on house purchase on an owner-occupying household has been taken as the product of the hypothetical duty payable on buying their current dwelling (estimated from rateable values) and the probability of a household of that type moving in a given year (estimated from the General Household Survey).

24. Indirect taxes on intermediate goods and services are:

Local authority rates on commercial and industrial property
Motor vehicle duties
Duties on hydrocarbon oils
Employers' contributions to National Insurance, the National Health Service, the industrial injuries fund and the redundancy payments scheme
Customs (import) duties
Stamp duties
VAT

25. These are taxes that fall on goods and services purchased by industry. Only the elements attributable to the production of subsequent goods and services for final consumption by the UK personal sector are allocated in the article, being assumed to be fully shifted to the consumer. Their allocations between different categories of consumers' expenditure are based on the relation between intermediate production and final consumption using estimated input-output techniques. This process is not an exact science, and many assumptions have to be made.

26. Finally, we add those notional benefits in kind provided to households by government for which there is a reasonable basis for allocation to households, to obtain **final income**. Benefits in kind are:

State education
School meals and welfare milk
National Health service
Housing subsidy
Railway travel subsidy
Bus travel subsidy (including concessionary fares schemes)

27. Education benefit is estimated by the Department of Education and Science as the cost per pupil or student in special schools, primary and secondary schools, universities, and other further education establishments. The value of the benefits attributed to a household depends on the number of people in the household recorded in the FES as receiving each kind of state education (students away from the household are excluded). No benefit is allocated for pupils attending private schools.

28. The value of school meals and other welfare foods is based on their costs to the public authorities. Any payment by the individual household is subtracted to arrive at a net contribution.

29. Each individual in the FES is allocated a benefit from the National Health Service according to the estimated average use made of the various types of health service by people of the same age and sex, and according to the total cost of providing those services. The benefit from maternity services is assigned separately to those households containing children under the age of 12 months. No allowance is made for the use of private health care services.

30. In this article public sector tenants are defined to include the tenants of local authorities, New Town Corporations, the Scottish Special Housing Association (SSHA), Northern Ireland Housing Executive (NIHE) and housing associations. The total housing subsidy includes the contribution from rate funds and from central government to the housing revenue accounts of local authorities: and grants paid to the New Town Corporations, the SSHA, the NIHE and housing associations. Within Greater London, the rest of England, Wales, Scotland and Northern Ireland each public sector tenant has been allocated a share of the region's total relevant subsidy based on the gross rateable value of this dwelling. Housing subsidy does not include mortgage interest tax relief, rent rebates and allowances or rate rebates included in housing benefit (see paragraphs 14 and 18 respectively).

31. The rail travel subsidies allocated are those to British Rail passenger operations and the London Underground. The subsidy to London and South East services is allocated to households living in the area and subsidies to provincial services to households living outside the South East, in proportion to households' expenditure on rail fares as recorded in the FES. A single allocation of the subsidy to inter-city services was made by dividing that subsidy between all households in proportion to their recorded expenditure on rail fares. In making both these allocations allowances are made for the use of rail travel by the business sector, tourists and the institutional part of the personal sector.

32. In this article, bus travel subsidy covers both the cost of concessionary travel schemes for senior citizens and others, and subsidies to operators. Separate allocations are made for Greater London, the other metropolitan areas and the rest of the United Kingdom. The subsidy is divided between households according to recorded expenditure on bus travel and the types of concessionary passes held.

33. We must emphasise that the analysis in this article provides only a very rough guide to the kinds of household which benefit from government expenditure, and by how much, and to those which finance it. Apart from the fact that large parts of expenditure and receipts are not allocated, the criteria used both to allocate taxes and to value and apportion benefits to individual households could be regarded as too simplistic. For example, the lack of data forces us to assume that the incidence of direct taxes falls on the individual from whose income the tax is deducted. This implies that the benefit of tax relief for mortgage interest, for example, accrues directly to the taxpayer rather than to some other party, for instance, the vendor of the land. It also implies that the working population is not able to pass the cost of the direct tax back to employers through lower profits, or to consumers through higher prices. And, in allocating indirect taxes we assume that the part of the tax falling on consumers' expenditure is borne by the households which buy the item or the service taxed, whereas in reality the incidence of the tax is spread by pricing policies and probably falls in varying proportions on the producers of a good or service, on their employees, on the buyer, and on the producers and consumers of other goods and services. Another example is that we know only an estimate of the total financial cost of providing benefits such as education, and so we have to treat that cost as if it measured the benefit which accrues to recipients of the service. In fact, the value the recipients themselves place on the service may be very different to the cost of providing it: moreover, there may be households in the community, other than the immediate beneficiaries, who receive a benefit indirectly from the general provision of the service.

Equivalence scale

34. The equivalence scale used in this analysis is the *McClements scale* (**before** housing costs are deducted). The scales (separate ones for before and after housing costs) were developed by Dr L D McClements at the Department of Health and Social Security (DHSS) in the mid-seventies, based on expenditure data from the 1971 and 1972 FES. They are based on the assumption that it is possible to estimate equivalence scales from people's spending behaviour as recorded in the FES without making any specific assumption about the criteria for equivalence. These scales are in regular use, though it is recognised that they are based on what is now rather old expenditure data and that it might be desirable to update them. The scales are regarded as plausible and they are well within the range of equivalence scales developed at different times in a number of countries. Hence their use is fully justified for broad statistical standardisation pending any re-calculation.

35. The equivalence values are given below:

Type of household member	Equivalence value
a. married head of household (ie a married couple of 2 adults)	1.00
1st additional adult	0.42
2nd (or more) additional adult	0.36 (per adult)
b. single head of household (ie 1 adult)	0.61
1st additional adult	0.46
2nd additional adult	0.42
3rd (or more) additional adult	0.36 (per adult)
c. Child aged:	
16-18	0.36
13-15	0.27
11-12	0.25
8-10	0.23
5-7	0.21
2-4	0.18
Under 2	0.09

The values for each household member are added together to give the total equivalence number for that household. This number is then divided into the disposable income for that household to give **equivalised disposable income**. For example, a household has a married couple with 2 children (aged 6 and 9) plus one adult lodger. The household's equivalence number is 1.0 + 0.21 + 0.23 + 0.42 = 1.86. The household's disposable income is £20,000, and so its equivalised disposable income is £10,753 (=£20,000/1.86).

36. This quantity is used to produce the single ranking used in all the tables in this article (apart from the Gini coefficients which have to be ranked afresh for each different definition of income).

[In pre-1987 articles, three types of ranking were used: the main one was using original income but gross income and disposable income were also used. In addition, the tables showing income shares were re-ranked for each separate income measure].

It is important to note that most monetary values shown in the article are ordinary (ie un-equivalised) £ a year, not equivalised £ a year. Where equivalised £ a year do appear (eg the quintile points in Table 3 of Appendix 1), they are shown in italics.

Gini coefficient

37. The Gini coefficient is the most widely used summary measure of the degree of inequality in an income distribution. It can more easily be understood by considering a Lorenz curve of the income distribution, (see Diagram B) ie a graph of the cumulative income share against the cumulative share of households. The curve representing complete equality of income is thus a diagonal line while complete inequality (with only one recipient of income) is represented by a curve comprising the horizontal axis and the right-hand vertical axis (see Diagram A). The area between the Lorenz curve and the diagonal line of complete equality, as a proportion of the triangular area between the curves of complete equality and inequality, gives the value of the Gini coefficient. Thus a distribution of perfectly equal incomes has a Gini coefficient of zero; as inequality increases (and the Lorenz curve bellies out), so does the Gini coefficient until, with complete inequality, it reaches its maximum value of 1 (or 100 per cent).

38. To calculate the Gini coefficient for an income distribution, the first step is to rank that distribution in ascending order. All the Gini coefficients shown in this article are based on distributions of

Diagram A

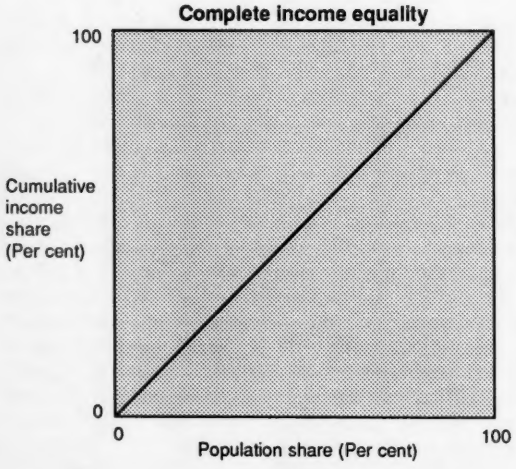
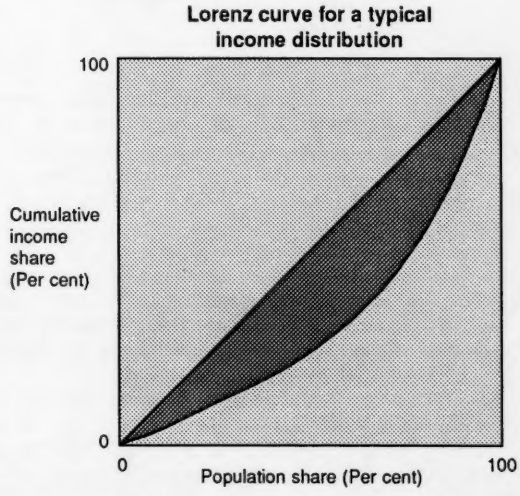


Diagram B



equivalised income eg the coefficient for original income is calculated after dividing the original income for all the households by their appropriate equivalence values.
[In pre-1987 articles, no such equivalisation was used].

39. Strictly speaking, one could argue that the equivalence scales used here are only applicable to disposable income because this is the only income measure relating directly to spending power. Since the scales are often applied, in practice, to other income measures, we are content to use them to equivalise original, gross and post-tax income for the purpose of producing Gini coefficients (and in the tables giving percentage shares of total income). However, we do not think it is appropriate to equivalise the final income measure because this contains notional income from benefits in kind (eg state education): the equivalence scales used in this article are based on actual household spending and do not, therefore, apply to such items as notional income.

Sampling errors and reliability

40. As the FES is a sample survey, data from it will differ in varying degrees from those of all households in the UK. The degree of difference will depend on how widely particular categories of income and expenditure vary between households. This 'sampling error' is smallest in relation to, say, the average expenditure of large groups of households on items purchased frequently (when spending does not vary greatly between households). Conversely, it is largest for small groups of households, and for items or services purchased infrequently (for which expenditure varies considerably between households). A broad numerical measure of the amount of variability is provided by the quantity known as the standard error.

41. It is difficult to calculate these standard errors exactly because of the multi-stage design of the FES, but we have made a good approximation by combining the simple random formula with the appropriate design factor from the FES analysis. [The design factor is the ratio of the standard error using the detailed formula that takes account of the full complexity of the sample design to the standard error using the simple random sample formula]. The most appropriate design factor from the FES work is for 'gross normal weekly household income'. The standard error of the mean for N households in Table 1 is given by:

$$\text{(design factor)} * S/\sqrt{N}$$

where the design factor is 1.36 for 1988, and S^2 is the estimate of the population variance.

This simple formula is applicable to a complete group of households, but for quintile or decile groups a more complex formula is required (see paragraph 43).

42. The standard errors can be used to give an idea of the reliability of a mean by quoting a confidence interval of the form:

$$\text{estimate of mean} \pm (1.96 * \text{standard error})$$

where the factor 1.96 corresponds to the 95% confidence interval.

For example: the mean disposable income for all households is £11,313 (see Table 3 in Appendix 1), and its standard error is £188 (from Table 1). So the confidence interval for the population value is £11,313 ± £368 ie about (£10,950 to £11,700). It is very likely that the mean disposable income for the whole population (ie all UK private households) will lie in this range.

43. The standard errors for the household types are larger than for the whole sample, mainly because the sample sizes concerned are smaller. For quintile groups of given household types, the sample sizes are of course smaller still, which would tend to increase sampling variability. On the other hand, the income values are by definition in a narrower range which would tend to reduce the sampling error. Precise estimates of standard errors for averages for quintile groups are complicated to produce. As well as the variability of the observations between the quintile points, we should also take account of the randomness which exists because the sample quintile points are themselves subject to random variation. We have used a formula for the asymptotic variance of a 'randomly trimmed' mean. This formula gives a good approximation where the total sample size is around 1,000 (when the variance is under-estimated by about 2 per cent on average), and a reasonable approximation for samples of 100-500 (when the variance is under-estimated by about 5 per cent on average). The formula for the variance of a mean (x) calculated between two sample percentiles, Q_1 and Q_2, corresponding to proportions p_1 and p_2 is:

$$[n(p_2-p_1)]^{-1} *$$

$$\{S^2$$

$$+ p_1(x-Q_1)^2$$

$$+ (1-p_2)(Q_2-x)^2$$

$$+[p_1(1-p_2)/(p_2-p_1)](Q_2-Q_1)^2 \}$$

where S^2= variance calculated from observations between Q_1 and Q_2, and

n = total sample size.

The square root of this quantity is then multiplied by the design factor (as described in paragraph 41) to give the standard errors shown in the tables for quintile and decile groups.

44. The 'complex' standard errors for quintile and decile groups are quite a bit larger than the simple random sample estimates, as shown below:

Ratio of 'complex' standard error to simple random sample estimate for equivalised disposable income, 1988

Decile group		Quintile group	
Bottom	1.82	Bottom	1.95
2nd	4.83	2nd	4.41
3rd	6.32	3rd	4.91
4th	6.74	4th	4.43
5th	7.07	Top	1.45
6th	7.16	All	1.36
7th	6.83		
8th	6.25		
9th	4.91		
Top	1.45		
All	1.36		

For the 'all households' group the ratio merely reflects the fact that the simple random sample figure is multiplied by the design factor (1.36 in 1988) to produce the 'complex' standard error. For the middle quintile group, the quoted standard error is about five times larger than it would have been if we had merely used the simple random sample estimate (as we did in last year's article). The quoted standard errors for the middle decile groups are about seven times higher than the simple random sample estimates.

45. Table 2 gives standard errors for quintile groups of households within household type. The standard errors of the top quintile group are often much larger than for the other quintile groups. This is not surprising as, in general, any distribution of incomes has a long positive tail. The standard errors for the top quintile groups of some household types are so large that it is doubtful whether the averages for these groups are reliable enough to be worth quoting in the tables in Appendix 1.

46. Another aspect of sampling errors and reliability is the variation from year to year. Table 3 gives the standard error of the mean (expressed as a percentage of the mean) for disposable income for the years from 1977 to 1988. The two groups with consistently high proportionate standard errors are one adult with children, and two adults with 3 or more children. Relatively small groups like these are more likely to be strongly influenced by unusually large income and expenditure values.

If the change between years were to be considered, then it is the standard error of the difference between years that is relevant. This is about 1.4 times the size of the standard error for a particular year (assuming the two standard errors are about the same) - because the variance of a difference between years equals the sum of the variances for those individual years.

Previous articles

47. This article is the latest in an annual series. Earlier articles covering the years 1957 to 1986 (using the old methodology) were published in the following issues of Economic Trends:

November 1962, February 1964, August 1966, February 1968, 1969, 1970, 1971, 1972, November 1972 and 1973, December 1974, February 1976, December 1976, February 1978, January 1979, 1980, 1981 and 1982, December 1982, November 1983, December 1984, December 1985, July 1986, November 1986, July 1987 and December 1988.

48. The results for 1987 (the first year of using the new methodology) were published in the May 1990 edition of Economic Trends. This year's and last year's articles have such a marked change in methodology that the results are completely incompatible with those for earlier years.

49. The results in all articles are intended to be free standing: they were not designed for direct comparison with other years except where some limited comparisons were made in the articles. Such comparisons are fraught with difficulty because of changes in definitions eg housing benefit in 1983. However, some broader measures like the Gini coefficients are relatively robust and will stand comparison with other years: this year's article gives such a comparison for the years 1977-1988. Enquiries should be addressed to Dave Westcott, Branch E2, Central Statistical Office, Room 1936, Millbank Tower, Millbank, London SW1P 4QQ.

Standard errors of the mean, 1988

TABLE 1 (Appendix 2)

	Number in sample	Standard error of the mean of the five income measures (£ per year)					
		Original income	Gross income	Disposable income		Post-tax income	Final income
				Unadjusted	Equivalised		
Household type/ Quantile group							
All households	7 265	241	231	188	162	175	180
Non-retired	5 381	298	288	238	209	225	230
Retired	1 884	165	166	126	124	107	113
Quintile groups [1]							
Bottom	1 453	114	107	90	44	85	163
2nd	1 453	550	469	315	71	251	421
3rd	1 453	658	570	432	100	363	534
4th	1 453	725	706	538	136	464	609
Top	1 453	908	906	780	685	761	772
Decile groups [1]							
Bottom	727	130	132	110	56	116	236
2nd	726	439	377	310	42	247	501
3rd	727	1 022	896	490	56	372	683
4th	726	1 122	932	696	91	583	993
5th	727	1 200	1 000	780	99	656	1 068
6th	726	1 395	1 244	931	107	786	1 101
7th	727	1 502	1 453	1 087	126	949	1 303
8th	726	1 435	1 422	1 100	156	943	1 220
9th	727	1 418	1 417	1 066	218	947	1 128
Top	726	1 676	1 674	1 460	1 291	1 436	1 450
Household type							
1 adult retired	1 027	138	131	95	156	88	89
2 or more adults retired	857	309	298	222	196	192	197
1 adult non-retired	811	345	311	241	395	216	215
2 adults non-retired	1 520	664	649	582	581	570	569
3 or more adults non-retired	642	902	859	581	383	536	560
1 adult with children	282	499	431	329	342	303	356
2 adults and 1 child	568	1 150	1 131	893	687	868	871
2 adults and 2 children	870	589	569	474	325	449	444
2 adults with 3 or more children	324	964	906	703	424	638	651
3 or more adults with children	364	937	878	653	329	598	610

1) Households ranked by equivalised disposable income.

Standard errors for disposable income for quintile groups[1] within household type, 1988

TABLE 2 (Appendix 2)

	Number in sample	Standard error for mean unadjusted disposable income for quintile groups of households ranked by equivalised disposable income (£ per year)					All groups
		Bottom	2nd	3rd	4th	Top	
Household type							
All households	7 265	90	315	432	538	780	188
Non-retired	5 381	164	392	585	700	1 016	238
Retired	1 884	92	214	273	368	508	126
1 adult retired	1 027	47	44	30	78	390	95
2 or more adults retired	857	116	158	268	372	840	222
1 adult non-retired	811	92	249	221	286	734	241
2 adults non-retired	1 520	203	225	295	369	2 638	582
3 or more adults non-retired	642	425	794	1 154	1 276	2 139	581
1 adult with children	282	270	459	571	886	1 275	329
2 adults with 1 child	568	300	396	515	651	4 080	893
2 adults 2 children	870	292	330	458	600	1 876	474
2 adults with 3 or more children	324	418	731	895	1 650	2 429	703
3 or more adults with children	364	642	1 082	1 363	1 327	2 128	653

1 Ranked by equivalised disposable income.

Standard errors for unadjusted disposable income expressed as a percentage of the mean, 1977 to 1988

TABLE 3 (Appendix 2)

	Number in sample (1988)	Standard error for mean unadjusted disposable income expressed as a percentage of the mean (%)						
		1977	1979	1981	1983	1985	1987	1988
Household type								
All households	7 265	1.0	1.0	1.2	1.1	1.2	1.2	1.7
Non-retired	5 381	1.0	1.0	1.2	1.1	1.2	1.2	1.8
Retired	1 884	2.0	1.9	2.0	2.0	2.2	2.7	2.4
1 adult retired	1 027	2.0	2.0	2.1	2.1	2.0	4.0	2.6
2 or more adults retired	857	2.5	2.3	2.4	2.6	2.9	3.3	3.1
1 adult non-retired	811	3.1	3.2	3.9	3.4	3.3	4.0	3.3
2 adults non-retired	1 520	2.0	1.6	2.9	2.4	2.0	2.0	4.1
3 or more adults non-retired	642	2.0	2.3	2.1	2.4	2.5	3.1	3.3
1 adult with children	282	5.3	5.9	13.0	4.9	4.6	4.4	5.7
2 adults with 1 child	568	2.4	2.4	2.7	2.6	3.0	3.0	6.5
2 adults 2 children	870	2.0	2.2	1.9	2.3	2.6	3.1	3.3
2 adults with 3 or more children	324	3.2	3.1	3.9	3.7	5.7	5.0	4.8
3 or more adults with children	364	2.2	2.3	2.8	2.5	3.1	3.2	3.6

APPENDIX 3

Three tables for 1988, ranked using *unadjusted* disposable income

CONTENTS

Table

Average income, taxes and benefits, ranked by unadjusted disposable income, 1988

By quintile groups of households 1

By decile groups of households 2

Cross tabulation of households ranked by disposable income, unadjusted and equivalised, 1988 3

Average incomes, taxes and benefits, 1988

By quintile groups of households (ranked by UNADJUSTED disposable income)

TABLE 1 (Appendix 3)

	Quintile groups of households ranked by UNADJUSTED disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
Quintile points		*4 144*	*7 339*	*11 162*	*16 296*	
Number of households in the sample	1 453	1 453	1 453	1 453	1 453	7 265
Original income						
Earnings of main earner	289	2 451	7 278	11 135	20 404	8 311
Other earnings	18	115	1 130	3 293	7 965	2 504
Occupational pensions, annuities	256	750	818	726	1 034	717
Investment income	184	391	504	678	1 691	690
Other income	46	101	151	141	269	142
Total	793	3 808	9 881	15 973	31 363	12 364
Direct benefits in cash						
Contributory						
Retirement pension	1 552	1 340	613	312	252	814
Unemployment benefit	34	68	65	50	33	50
Invalidity pension and allowance	65	187	133	82	33	100
Statutory sick pay	1	13	32	43	42	26
Industrial injury disablement benefit	4	15	14	9	12	11
Sickness, industrial injury benefit	5	14	5	8	9	8
Widows' benefits	34	61	46	38	19	40
Statutory Maternity allowance/pay	2	6	11	14	11	9
Miscellaneous contributory benefits	10	8	4	2	2	5
Non-contributory						
Income support/ Supplementary benefit	369	440	159	98	59	225
Child benefit	63	190	294	323	296	233
Housing benefit	538	332	91	32	9	200
Invalid care allowance	3	3	11	7	3	5
Attendance allowance	5	47	38	23	19	26
Mobility allowance	14	45	27	23	17	25
War pensions	7	11	10	6	9	9
Severe disablement allowance	22	72	45	29	32	40
Student maintenance awards	20	27	32	19	45	29
Government training schemes	6	18	29	37	39	26
Family credit/ income supplement	7	35	20	5	2	14
Other non-contributory benefits	19	40	16	15	2	18
Total cash benefits	2 778	2 973	1 695	1 175	944	1 913
Gross income	3 571	6 781	11 576	17 149	32 307	14 277
Direct taxes and Employees' NIC						
Income tax	154	536	1 433	2 508	5 526	2 032
less: Tax relief at source [1]	15	60	197	348	514	227
Employees' NI contributions	17	167	563	936	1 370	610
Domestic rates (gross)	448	483	516	568	725	548
Total	604	1 126	2 315	3 664	7 108	2 963
Disposable income	2 967	5 654	9 261	13 485	25 199	11 313
Indirect taxes						
Taxes on final goods and services						
VAT	247	487	808	1 157	1 774	895
Duty on tobacco	100	199	237	262	246	209
Duty on beer and cider	21	54	93	125	153	89
Duty on wines	6	12	21	35	81	31
Duty on spirits	22	47	55	82	117	65
Duty on hydrocarbon oils	34	95	173	248	322	174
Car tax	3	15	33	56	72	36
Vehicle excise duty	19	53	85	114	144	83
Television licences	40	48	53	56	57	50
Stamp duty on house purchase	5	9	21	34	52	24
Customs' duties	13	23	38	50	69	39
Betting taxes	14	29	49	47	53	38
Other	8	11	14	18	23	15
Intermediate taxes						
Commercial and industrial rates	67	110	161	214	327	176
Employers' NI contributions	76	125	186	249	382	204
Duty on hydrocarbon oils	33	54	78	103	153	84
Vehicle excise duty	8	13	19	26	39	21
Other	32	53	78	101	152	83
Total indirect taxes	747	1 437	2 203	2 976	4 217	2 316
Post-tax income	2 220	4 217	7 059	10 510	20 982	8 997
Benefits in kind						
Education	202	572	908	1 060	1 033	755
National health service	978	1 020	912	885	905	940
Housing subsidy	104	95	51	29	15	59
Rail travel subsidy	6	11	24	31	53	25
Bus travel subsidy	32	34	20	19	19	25
School meals and welfare milk	17	44	25	22	18	25
Total	1 339	1 775	1 940	2 046	2 043	1 829
Final income	3 559	5 992	8 999	12 556	23 026	10 826

1 On mortgage interest and life assurance premiums.

Average incomes, taxes and benefits, 1988

By decile groups of households (ranked by UNADJUSTED disposable income)

TABLE 2 (Appendix 3)

	Decile groups of households ranked by UNADJUSTED disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
Decile points	*3 050*	*4 144*	*5 604*	*7 339*	*9 343*	*11 162*	*13 340*	*16 296*	*21 089*		
Number of households in the sample	727	726	727	726	727	726	727	726	727	726	7 265
Original income											
Earnings of main earner	228	350	1 236	3 668	6 150	8 407	10 254	12 016	14 833	25 982	8 311
Other earnings	18	18	45	185	689	1 573	2 602	3 986	6 368	9 565	2 504
Occupational pensions, annuities	141	370	615	885	894	742	750	702	704	1 365	717
Investment income	175	193	351	431	492	516	566	791	763	2 620	690
Other income	34	58	87	115	156	146	106	177	193	345	142
Total	596	990	2 334	5 284	8 380	11 384	14 277	17 672	22 862	39 877	12 364
Direct benefits in cash											
Contributory											
Retirement pension	1 447	1 657	1 607	1 073	730	496	316	307	229	276	814
Unemployment benefit	33	36	66	69	63	67	41	60	42	25	50
Invalidity pension and allowance	43	86	137	237	173	94	110	54	50	17	100
Statutory sick pay	1	1	5	20	28	35	45	41	43	41	26
Industrial injury disablement benefit	1	6	12	18	21	7	11	8	14	11	11
Sickness, industrial injury benefit	5	6	18	9	3	8	10	5	4	13	8
Widows' benefits	42	27	55	67	49	44	44	32	21	18	40
Statutory Maternity allowance/pay	3	1	2	10	11	11	13	14	16	5	9
Miscellaneous contributory benefits	8	11	9	7	5	3	2	2	2	2	5
Non-contributory											
Income support/ Supplementary benefit	272	466	531	350	195	123	129	67	64	54	225
Child benefit	31	95	173	207	257	331	324	322	286	305	233
Housing benefit	435	640	438	226	123	59	37	26	13	5	200
Invalid care allowance	3	2	2	4	16	6	4	11	2	4	5
Attendance allowance	2	8	36	59	52	23	21	25	23	15	26
Mobility allowance	7	21	35	55	32	22	29	18	24	10	25
War pensions	9	5	11	12	16	3	4	8	7	10	9
Severe disablement allowance	13	30	52	91	57	32	23	35	36	28	40
Student maintenance awards	30	10	27	28	20	45	20	17	43	47	29
Government training schemes	6	5	18	18	32	26	35	40	51	28	26
Family credit/ income supplement	2	12	19	52	31	9	7	3	0	3	14
Other non-contributory benefits	18	19	57	24	22	10	18	12	0	3	18
Total cash benefits	2 411	3 144	3 309	2 636	1 936	1 453	1 244	1 106	970	917	1 913
Gross income	3 007	4 134	5 642	7 920	10 317	12 837	15 521	18 778	23 831	40 794	14 277
Direct taxes and Employees' NIC											
Income tax	188	120	281	792	1 197	1 670	2 176	2 841	3 882	7 173	2 032
less: Tax relief at source [1]	15	15	41	80	159	236	302	395	446	581	227
Employees' N I contributions	13	21	82	253	456	669	851	1 020	1 306	1 433	610
Domestic rates (gross)	440	456	471	495	503	528	543	593	631	819	548
Total	626	581	793	1 460	1 997	2 632	3 267	4 060	5 373	8 845	2 963
Disposable income	2 381	3 552	4 850	6 460	8 319	10 205	12 254	14 718	18 458	31 950	11 313
Indirect taxes											
Taxes on final goods and services											
VAT	227	268	381	593	742	875	1 063	1 251	1 497	2 052	895
Duty on tobacco	83	118	183	215	224	250	258	266	268	224	209
Duty on beer and cider	19	23	42	67	79	106	121	129	161	146	89
Duty on wines	5	6	9	15	19	22	29	40	52	110	31
Duty on spirits	20	24	34	59	49	62	79	84	111	124	65
Duty on hydrocarbon oils	26	41	74	117	162	184	235	260	303	342	174
Car tax	5	2	7	24	34	31	52	61	72	72	36
Vehicle excise duty	16	23	45	62	79	91	109	119	141	146	83
Television licences	39	41	48	48	52	54	56	55	56	57	50
Stamp duty on house purchase	5	4	6	12	17	24	28	40	46	58	24
Customs' duties	12	14	19	28	35	41	47	52	62	76	39
Betting taxes	12	15	27	32	40	59	50	44	61	45	38
Other	7	8	11	11	13	15	18	19	19	28	15
Intermediate taxes											
Commercial and industrial rates	62	72	93	126	148	174	199	229	266	387	176
Employers' NI contributions	70	81	106	145	170	203	231	266	309	455	204
Duty on hydrocarbon oils	31	36	47	61	70	86	97	108	125	182	84
Vehicle excise duty	7	8	11	15	17	22	24	27	31	46	21
Other	30	34	45	61	72	83	95	108	125	179	83
Total indirect taxes	676	819	1 186	1 689	2 023	2 383	2 792	3 159	3 705	4 730	2 316
Post-tax income	1 706	2 733	3 664	4 771	6 297	7 822	9 462	11 559	14 753	27 220	8 997
Benefits in kind											
Education	184	221	525	618	780	1 037	1 001	1 118	1 043	1 023	755
National health service	906	1 049	1 094	946	914	911	884	887	871	939	940
Housing subsidy	88	120	111	79	57	45	27	31	16	14	59
Rail travel subsidy	7	5	8	13	17	32	27	35	39	68	25
Bus travel subsidy	28	36	41	27	21	20	20	18	17	22	25
School meals and welfare milk	7	27	50	37	22	27	26	18	19	16	25
Total	1 220	1 459	1 828	1 721	1 809	2 071	1 986	2 107	2 006	2 081	1 829
Final income	2 925	4 192	5 492	6 492	8 106	9 893	11 448	13 666	16 759	29 302	10 826

1 On mortgage interest and life assurance premiums.

Cross-tabulation of households ranked by disposable income, unadjusted and equivalised, 1988

TABLE 3 (Appendix 3)

(i) Quintile groups

	Quintile groups of **equivalised** disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Number of households						
Quintile groups of **unadjusted** disposable income						
Bottom	915	538	-	-	-	1 453
2nd	479	519	287	168	-	1 453
3rd	53	326	658	269	147	1 453
4th	6	68	452	620	307	1 453
Top	-	2	56	396	999	1 453
All households	1 453	1 453	1 453	1 453	1 453	7 265

(ii) Decile groups

	Decile groups of **equivalised** disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Number of households											
Decile groups of **unadjusted** disposable income											
Bottom	368	265	93	-	-	-	-	-	-	-	726
2nd	202	80	275	170	-	-	-	-	-	-	727
3rd	107	252	167	15	107	79	-	-	-	-	727
4th	38	82	91	246	69	32	128	40	-	-	726
5th	8	33	71	121	202	148	5	88	51	-	727
6th	3	9	24	110	163	145	175	1	82	14	726
7th	1	5	4	46	127	152	113	215	1	63	727
8th	-	-	2	16	47	126	170	122	203	40	726
9th	-	-	-	2	12	41	110	197	208	157	727
Top	-	-	-	-	-	3	26	63	182	452	726
All households	727	726	727	726	727	726	727	726	727	726	7 265

APPENDIX 4

Summary of the effects of taxes and benefits, 1977-1988

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Summary of the effects of taxes and benefits, 1977-1988

TABLE 1 (Appendix 4)

	Quintile groups of households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
1977						
Original income	762	2 186	3 966	5 344	7 955	4 043
plus cash benefits	1 033	801	527	347	223	586
Gross income	1 795	2 987	4 493	5 690	8 178	4 629
less direct taxes[1] & employees' NIC	316	596	1 008	1 386	1 994	1 060
Disposable income	1 479	2 390	3 486	4 305	6 184	3 569
Equivalised disposable income	*1 457*	*2 052*	*2 664*	*3 458*	*5 451*	*3 016*
less indirect taxes	344	499	748	864	1 057	702
Post-tax income	1 135	1 892	2 737	3 441	5 127	2 866
plus benefits in kind	764	801	827	671	500	713
Final income	1 899	2 692	3 564	4 112	5 627	3 579
1979						
Original income	674	2 683	5 112	7 229	10 292	5 198
plus cash benefits	1 454	1 121	736	472	327	822
Gross income	2 128	3 804	5 848	7 701	10 619	6 020
less direct taxes[1] & employees' NIC	257	622	1 178	1 688	2 408	1 231
Disposable income	1 871	3 182	4 669	6 013	8 211	4 789
Equivalised disposable income	*1 934*	*2 749*	*3 656*	*4 783*	*7 354*	*4 095*
less indirect taxes	397	673	1 033	1 292	1 560	991
Post-tax income	1 474	2 509	3 636	4 722	6 651	3 798
plus benefits in kind	947	1 067	1 041	850	574	896
Final income	2 422	3 576	4 677	5 572	7 225	4 694
1981						
Original income	1 141	3 354	6 613	9 587	14 868	7 113
plus cash benefits	2 013	1 651	1 045	744	442	1 179
Gross income	3 154	5 005	7 658	10 332	15 310	8 292
less direct taxes[1] & employees' NIC	427	858	1 638	2 410	3 705	1 807
Disposable income	2 728	4 147	6 020	7 922	11 605	6 485
Equivalised disposable income	*2 586*	*3 621*	*4 764*	*6 287*	*10 424*	*5 537*
less indirect taxes	699	956	1 396	1 778	2 226	1 411
Post-tax income	2 029	3 191	4 624	6 144	9 378	5 074
plus benefits in kind	1 502	1 464	1 398	1 199	830	1 279
Final income	3 531	4 654	6 023	7 343	10 209	6 352
1983						
Original income	1 267	3 191	7 136	10 226	16 870	7 738
plus cash benefits	2 467	2 181	1 433	1 042	618	1 548
Gross income	3 734	5 372	8 569	11 267	17 488	9 286
less direct taxes[1] & employees' NIC	498	867	1 850	2 654	4 411	2 056
Disposable income	3 236	4 505	6 719	8 613	13 077	7 230
Equivalised disposable income	*2 990*	*4 162*	*5 411*	*7 122*	*11 857*	*6 309*
less indirect taxes	875	1 054	1 591	1 988	2 518	1 605
Post-tax income	2 361	3 450	5 127	6 625	10 559	5 625
plus benefits in kind	1 648	1 541	1 543	1 250	1 090	1 415
Final income	4 009	4 991	6 671	7 875	11 649	7 039
1985						
Original income	1 156	3 323	8 317	12 382	20 050	9 045
plus cash benefits	2 925	2 514	1 638	1 038	675	1 758
Gross income	4 081	5 837	9 955	13 420	20 726	10 803
less direct taxes[1] & employees' NIC	522	920	2 015	3 098	5 117	2 334
Disposable income	3 559	4 917	7 940	10 323	15 609	8 469
Equivalised disposable income	*3 413*	*4 726*	*6 337*	*8 573*	*14 126*	*7 435*
less indirect taxes	945	1 123	1 853	2 297	2 819	1 807
Post-tax income	2 615	3 794	6 087	8 025	12 790	6 662
plus benefits in kind	1 685	1 585	1 673	1 321	1 016	1 456
Final income	4 300	5 379	7 760	9 346	13 805	8 118

1 After tax relief at source on mortgage interest and life assurance premiums and including gross domestic rates.

Summary of the effects of taxes and benefits, 1977-1988

TABLE 1 (Appendix 4) *(continued)*

	Quintile groups of households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
1987						
Original income	1 223	3 851	9 473	14 506	25 469	10 904
plus cash benefits	3 173	2 776	1 870	1 072	668	1 912
Gross income	4 396	6 627	11 343	15 578	26 136	12 816
less direct taxes[1] & employees' NIC	582	1 061	2 241	3 431	6 396	2 742
Disposable income	3 815	5 566	9 102	12 146	19 740	10 074
Equivalised disposable income	*3 725*	*5 372*	*7 446*	*10 228*	*18 539*	*9 062*
less indirect taxes	1 038	1 303	2 122	2 592	3 183	2 048
Post-tax income	2 776	4 263	6 980	9 555	16 557	8 026
plus benefits in kind	2 045	1 815	1 890	1 520	1 101	1 674
Final income	4 821	6 078	8 871	11 075	17 658	9 700
1988						
Original income	1 211	4 440	10 746	16 255	29 166	12 364
plus cash benefits	3 215	2 798	1 756	1 080	715	1 913
Gross income	4 426	7 239	12 501	17 336	29 881	14 277
less direct taxes[1] & employees' NIC	667	1 220	2 448	3 792	6 689	2 963
Disposable income	3 759	6 019	10 053	13 544	23 192	11 313
Equivalised disposable income	*3 836*	*5 741*	*8 228*	*11 423*	*21 323*	*10 110*
less indirect taxes	1 081	1 475	2 408	2 902	3 714	2 316
Post-tax income	2 678	4 544	7 645	10 642	19 478	8 997
plus benefits in kind	2 124	2 024	2 056	1 722	1 219	1 829
Final income	4 802	6 568	9 701	12 363	20 697	10 826

1 After tax relief at source on mortgage interest and life assurance premiums and including gross domestic rates.

Standard errors for the five income measures given in Table 1, 1977-1988

TABLE 2 (Appendix 4)

	Quintile groups of households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
(£ per year)						
1977						
Original income	58	197	221	216	157	53
Gross income	48	157	195	207	157	48
Disposable income	32	114	147	155	121	36
Equivalised disposable income	*15*	*18*	*24*	*30*	*94*	*27*
Post-tax income	28	92	124	133	110	31
Final income	56	152	188	182	120	35
1979						
Original income	66	276	305	325	206	73
Gross income	60	228	284	320	207	67
Disposable income	48	177	221	247	158	50
Equivalised disposable income	*20*	*33*	*38*	*49*	*102*	*36*
Post-tax income	41	143	185	213	143	43
Final income	79	247	269	273	155	47
1981						
Original income	88	331	391	433	335	108
Gross income	78	272	347	413	334	100
Disposable income	63	207	259	305	284	78
Equivalised disposable income	*26*	*34*	*48*	*64*	*251*	*64*
Post-tax income	54	159	215	253	270	69
Final income	107	268	320	335	281	73
1983						
Original income	100	394	471	503	358	119
Gross income	93	323	402	466	355	108
Disposable income	80	244	296	343	269	79
Equivalised disposable income	*35*	*35*	*57*	*71*	*216*	*63*
Post-tax income	69	193	242	282	248	68
Final income	126	348	376	367	268	75
1985						
Original income	103	432	578	602	463	147
Gross income	96	347	506	580	460	134
Disposable income	79	259	383	432	345	99
Equivalised disposable income	*36*	*45*	*73*	*94*	*237*	*74*
Post-tax income	90	204	316	370	318	86
Final income	140	340	458	469	340	92
1987						
Original income	107	459	608	635	595	179
Gross income	100	370	526	609	596	167
Disposable income	88	285	401	456	445	124
Equivalised disposable income	*37*	*58*	*82*	*119*	*382*	*105*
Post-tax income	77	226	338	403	423	111
Final income	161	382	485	505	438	116
1988						
Original income	114	550	658	725	908	241
Gross income	107	469	570	706	906	231
Disposable income	.90	315	432	538	780	188
Equivalised disposable income	*44*	*71*	*100*	*136*	*685*	*162*
Post-tax income	85	251	363	464	761	175
Final income	163	421	534	609	772	180

Number of households in the FES sample for each year, 1977-1988

TABLE 3 (Appendix 4)

	1977	1979	1981	1983	1985	1987	1988
i) Numbers in sample							
Household type							
Non-retired	5 623	5 196	5 764	5 264	5 220	5 459	5 381
Retired	1 575	1 581	1 761	1 709	1 792	1 937	1 884
1 adult retired	860	878	951	908	966	1 059	1 027
2 or more adults retired ..	715	703	810	801	826	878	857
1 adult non-retired	564	618	607	671	694	799	811
2 adults non-retired	1 615	1 424	1 584	1 380	1 444	1 490	1 520
3 or more adults non-retired ..	640	538	710	616	635	682	642
1 adult with children	190	196	228	250	230	284	282
2 adults with 1 child	680	623	649	622	604	592	568
2 adults 2 children	926	892	986	887	864	874	870
2 adults with 3 or more children	466	396	426	388	336	340	324
3 or more adults with children ..	542	509	574	450	413	398	364
All households..	7 198	6 777	7 525	6 973	7 012	7 396	7 265
ii) Percentages							
Household type							
Non-retired	78	77	77	75	74	74	74
Retired	22	23	23	25	26	26	26
1 adult retired	12	13	13	13	14	14	14
2 or more adults retired ..	10	10	11	11	12	12	12
1 adult non-retired	8	9	8	10	10	11	11
2 adults non-retired	22	21	21	20	21	20	21
3 or more adults non-retired ..	9	8	9	9	9	9	9
1 adult with children	3	3	3	4	3	4	4
2 adults with 1 child	9	9	9	9	9	8	8
2 adults 2 children	13	13	13	13	12	12	12
2 adults with 3 or more children	6	6	6	6	5	5	4
3 or more adults with children ..	8	8	8	6	6	5	5
All households	100	100	100	100	100	100	100

Distribution of households[1] in the FES sample each year, 1977-1988

By decile groups of households ranked by equivalised disposable income

TABLE 4 (Appendix 4)

	Retired households		Non-Retired households								
	1 adult	2 or more adults	1 adult	2 adults	3 or more adults	1 adult with children	2 adults with 1 child	2 adults with 2 children	2 adults with 3 or more children	3 or more adults with children	All house-holds
1977											
Decile groups of households ranked by equivalised disposable income											
Bottom	211	167	38	53	13	61	40	53	57	27	720
2nd	236	189	40	43	10	33	31	55	64	19	720
3rd	216	120	29	82	21	22	48	85	59	37	719
4th	81	79	44	116	42	23	66	133	70	66	720
5th	31	48	50	146	55	12	84	144	68	82	720
6th	24	30	45	149	89	13	90	130	44	106	720
7th	16	31	62	186	89	7	99	112	36	82	720
8th	19	18	71	224	106	9	93	101	22	56	719
9th	8	14	68	293	128	5	83	62	20	39	720
Top	18	19	117	323	87	5	46	51	26	28	720
All households	860	715	564	1 615	640	190	680	926	466	542	7 198
1979											
Decile groups of households ranked by equivalised disposable income											
Bottom	227	190	59	32	9	48	18	24	60	11	678
2nd	277	189	17	30	7	28	19	52	37	21	677
3rd	190	116	39	65	19	28	48	80	53	40	678
4th	73	72	47	112	34	19	70	111	72	68	678
5th	28	45	46	119	34	19	95	161	54	77	678
6th	34	34	74	108	61	12	86	141	41	86	677
7th	10	17	71	161	73	16	109	117	31	73	678
8th	13	18	69	204	107	10	70	96	23	68	678
9th	13	15	79	286	102	8	57	63	14	40	677
Top	13	7	117	307	92	8	51	47	11	25	678
All households	878	703	618	1 424	538	196	623	892	396	509	6 777
1981											
Decile groups of households ranked by equivalised disposable income											
Bottom	177	162	50	54	12	58	29	71	91	49	753
2nd	253	209	31	39	15	41	25	60	55	24	752
3rd	252	132	30	61	23	24	33	93	50	55	753
4th	113	85	43	96	54	34	67	129	67	64	752
5th	51	69	49	146	48	13	103	146	45	83	753
6th	29	42	57	151	84	18	92	161	37	81	752
7th	28	38	64	186	112	8	89	126	23	79	753
8th	22	24	69	214	156	13	72	81	24	76	751
9th	15	30	78	296	113	9	79	76	16	42	754
Top	11	19	136	341	93	10	60	43	18	21	752
All households	951	810	607	1 584	710	228	649	986	426	574	7 525
1983											
Decile groups of households ranked by equivalised disposable income											
Bottom	152	117	81	63	23	52	30	58	82	39	697
2nd	165	190	46	47	17	59	36	56	51	31	698
3rd	224	132	31	58	19	42	39	74	48	30	697
4th	159	92	49	80	39	30	46	101	51	50	697
5th	62	72	38	117	67	17	84	137	34	70	698
6th	47	50	60	133	69	16	83	134	38	67	697
7th	40	52	71	155	95	7	72	109	28	68	697
8th	22	40	78	194	106	11	90	82	22	52	697
9th	15	27	94	239	116	9	83	72	19	24	698
Top	22	29	123	294	65	7	59	64	15	19	697
All households	908	801	671	1 380	616	250	622	887	388	450	6 973

1 See Appendix 2 for definitions of retired households, adults and children.

Distribution of households[1] in the FES sample each year, 1977-1988

By decile groups of households ranked by equivalised disposable income

TABLE 4 (Appendix 4) *(continued)*

	Retired households		Non-Retired households								
	1 adult	2 or more adults	1 adult	2 adults	3 or more adults	1 adult with children	2 adults with 1 child	2 adults with 2 children	2 adults with 3 or more children	3 or more adults with children	All households
1985											
Decile groups of households ranked by equivalised disposable income											
Bottom	152	134	66	74	16	42	37	71	76	33	701
2nd	166	211	60	51	17	59	39	45	28	25	701
3rd	278	120	37	57	25	38	37	62	30	18	702
4th	163	102	39	78	45	30	57	103	44	40	701
5th	.66	61	62	110	72	17	74	119	48	72	701
6th	40	66	56	114	79	13	80	138	43	72	701
7th	30	36	74	185	104	18	80	92	26	56	701
8th	25	37	88	203	102	4	85	97	17	44	702
9th	28	34	94	253	101	5	62	80	13	31	701
Top	18	25	118	319	74	4	53	57	11	22	701
All households	966	826	694	1 444	635	230	604	864	336	413	7 012
1987											
Decile groups of households ranked by equivalised disposable income											
Bottom	195	122	59	69	25	58	43	70	60	39	740
2nd	211	188	51	50	23	79	26	44	39	28	739
3rd	286	118	64	55	19	50	29	49	36	34	740
4th	144	139	50	85	56	36	46	98	47	38	739
5th	71	93	69	122	63	25	69	126	47	55	740
6th	38	62	63	140	105	11	82	128	43	68	740
7th	42	54	86	159	106	10	90	123	19	50	739
8th	21	40	87	217	117	8	81	106	15	48	740
9th	20	34	113	276	101	5	65	74	25	26	739
Top	31	28	157	317	67	2	61	56	9	12	740
All households	1 059	878	799	1 490	682	284	592	874	340	398	7 396
1988											
Decile groups of households ranked by equivalised disposable income											
Bottom	204	135	80	62	17	69	38	59	42	21	727
2nd	192	206	71	45	14	79	28	36	34	21	726
3rd	305	119	48	57	30	39	26	58	26	19	727
4th	127	107	51	114	53	27	53	96	53	45	726
5th	53	95	50	122	79	21	68	151	42	46	727
6th	51	70	57	143	99	17	64	127	41	57	726
7th	34	39	93	162	88	16	95	113	26	61	727
8th	23	32	105	223	103	8	72	95	25	40	726
9th	17	31	116	270	100	4	71	69	15	34	727
Top	21	23	140	322	59	2	53	66	20	20	726
All households	1 027	857	811	1 520	642	282	568	870	324	364	7 265

1 See Appendix 2 for definitions of retired households, adults and children.

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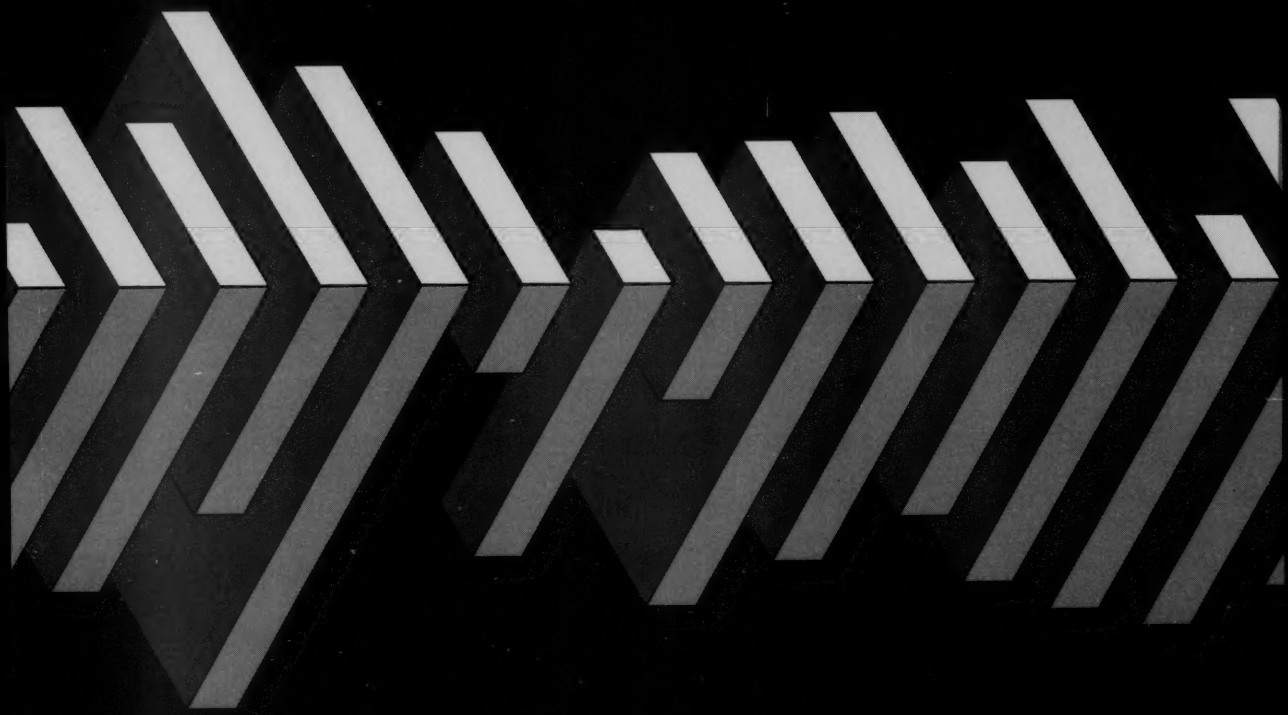

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